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**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

**DIPLOMATIC CONFERENCE  
ON  
CERTAIN COPYRIGHT AND NEIGHBORING RIGHTS QUESTIONS**

**Geneva, December 2 to 20, 1996**

**BASIC PROPOSAL  
FOR THE SUBSTANTIVE PROVISIONS OF THE TREATY  
ON INTELLECTUAL PROPERTY IN RESPECT OF DATABASES  
TO BE CONSIDERED BY THE DIPLOMATIC CONFERENCE**

*prepared by the Chairman of the Committees of Experts  
on a Possible Protocol to the Berne Convention  
and  
on a Possible Instrument for the Protection of the Rights of Performers  
and Producers of Phonograms*

Memorandum prepared by the Chairman of the Committees of Experts

1. In the program of WIPO for the 1990-1991 biennium provision was made to convene a Committee of Experts to examine questions concerning a possible protocol to the Berne Convention for the Protection of Literary and Artistic Works. The Committee was convened in two sessions, the first in November 1991 and the second in February 1992. In 1992 two Committees of Experts were set up, one to continue the work started by the first Committee and the other to begin preparation of a possible new instrument for the protection of the rights of performers and producers of phonograms. The Committee of Experts on a Possible Protocol to the Berne Convention then held five further sessions, the third in June 1993, the fourth in December 1994, the fifth in September 1995, the sixth in February 1996 and the seventh in May 1996. The Committee of Experts on a Possible Instrument for the Protection of the Rights of the Performers and the Producers of Phonograms held six sessions, the first in June-July 1993, the second in November 1993, the third in December 1994, the fourth in September 1995, the fifth in February 1996 and the sixth in May 1996. The last three sessions of the two Committees (referred to subsequently as the Committees of Experts) were convened on the same dates and parts of the sessions were held jointly.
2. Until the December 1994 sessions of the Committees of Experts work was based on memoranda prepared by the International Bureau of WIPO. Following the decisions by the Committees of Experts the Director General of WIPO invited Government members and the European Commission to submit proposals for discussion at the September 1995 and February 1996 sessions.
3. In the December 1994 sessions of the Committees of Experts the Delegation of the European Commission informed the Committees about the progress of work in the European Community on a proposal for a Directive on the legal protection of databases which included a proposal for creating a *sui generis* right to be granted to the maker of a non-original database. In the September 1995 sessions the European Community and its Member States submitted to the Committees of Experts a discussion paper on "The *sui generis* right provided for in the Proposal for a Directive on the legal protection of databases" (document BCP/CE/V/5). After additional comments by the Delegation of the European Commission the Committees of Experts accepted the conclusion that the issue of such a possible *sui generis* system would be discussed further at the next sessions of the Committees on the basis of the proposals that might be made by Governments and the European Commission.
4. The European Community and its Member States submitted a proposal for the international harmonization of the *sui generis* protection of databases (document BCP/CE/VI/13) at the February 1996 sessions of the Committees of Experts. The proposal included draft provisions for the substantive clauses of a treaty. The Committees considered the proposal and several Delegations expressed positive interest in the *sui generis* right and in the continuation of work. At the same time, however, both further study and the clarification of certain concepts were requested.
5. The United States of America submitted a proposal on the *sui generis* protection of databases (document BCP/CE/VII/2-INR/CE/VI/2) in the May 1996 sessions of the Committees of Experts. The proposal included draft substantive provisions of a treaty. The Committees considered this proposal together with the previous proposal made by the European Community and its Member States (see paragraph 4). Several Delegations took the position that the question of the *sui generis* protection of databases could be submitted for

consideration by the Diplomatic Conference in December 1996. Several other Delegations held the view that further study was still necessary.

6. In their February 1996 sessions the Committees of Experts had recommended that a Diplomatic Conference for the conclusion of the appropriate treaties should be held in December 1996. A meeting of the Preparatory Committee of the Proposed Diplomatic Conference, the General Assembly of WIPO and the Assembly of the Berne Union were held in Geneva from May 20 to 24, 1996. The Preparatory Committee and the Assemblies decided that a WIPO Diplomatic Conference on Certain Copyright and Neighboring Rights Questions would be convened from December 2 to 20, 1996.

7. The Chairman of the Committees of Experts was entrusted at the February 1996 sessions with the task of preparing the draft texts ("the basic proposals") for the Diplomatic Conference; the WIPO International Bureau was to publish and circulate these draft texts by September 1, 1996, to the States, intergovernmental and non-governmental organizations to be invited to the Diplomatic Conference. The Director General of WIPO proposed that the International Bureau would prepare the draft of the final clauses of the treaty or treaties. The draft Final Clauses prepared by the Director General (document CRNR/PM/2) were examined by the Preparatory Committee of the Proposed Diplomatic Conference in May 1996.

8. In the introduction to the draft Final Clauses, the Director General of WIPO stated: "On the basis of the deliberations of the Committees of Experts, it is assumed that the aim of the Diplomatic Conference will be to adopt one or more multilateral treaty or treaties on questions of copyright, on questions of two branches (one concerning performing artists, the other concerning producers of phonograms) of neighboring rights and, perhaps, also on questions concerning *asui generis* protection of data bases."

9. There is no decision on the number of treaties to be proposed for adoption by the Diplomatic Conference in December 1996. The Committees of Experts have made no recommendation on this issue, and after extensive discussion, the question was left open in the May 1996 meetings of the Preparatory Committee, the General Assembly of WIPO and the Assembly of the Berne Union. In this respect, the mandate given to the Chairman of the Committees of Experts was therefore open and included the possibility of establishing draft texts for one, two or three treaties.

10. Basic Proposals for the substantive provisions of three treaties are proposed by the Chairman of the Committees of Experts:

1. "Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works",
2. "Treaty for the Protection of the Rights of Performers and Producers of Phonograms",
3. "Treaty on Intellectual Property in Respect of Databases".

11. It is the assessment of the Chairman of the Committees of Experts that the expectations of the majority of Delegations participating in the meetings referred to in paragraph 9 are most closely met by proposing three draft texts. The Diplomatic Conference has the power to combine separate draft treaties into one single treaty should it find this course of action appropriate. A combined text would have several advantages, and such an option may be viewed as one of legal technique; on the other hand, a single text approach would entail certain political and doctrinal considerations. For example, Governments contemplating ratification of

or accession to such a single text would have to analyze and consider implementation of the whole contents of the combined instrument.

12. The present set of draft substantive provisions of the Basic Proposals referred to in paragraph 10, of which the present document is one, have been prepared by the Chairman of the Committees of Experts according to decisions made by the Committees at their February 1996 sessions. The Basic Proposal for the Administrative and Final Clauses of all these proposed Treaties have been submitted by the Director General of WIPO in a separate document.

13. The present document sets forth the substantive provisions of the Basic Proposal of the Treaty on Intellectual Property in Respect of Databases. There are 13 Articles preceded by a Preamble. Each provision is accompanied by explanatory Notes.

14. The purpose of the explanatory Notes is:

- (i) to explain briefly the contents and rationale of the proposals and to offer guidelines for understanding and interpreting specific provisions,
- (ii) to indicate the reasoning behind the proposals, and
- (iii) to include references to proposals and comments made at sessions of the Committees of Experts, as well as references to models and points of comparison found in existing treaties.

15. The present Basic Proposal has been prepared on the basis of the proposals referred to paragraphs 4 and 5, taking into account discussions in the Committees of Experts. These proposals have been carefully studied, and portions of them appear in several places in the proposed Treaty, sometimes in a reformulated or combined format. Additional elements have been introduced where necessary, and not all elements of all proposals are reflected in the proposed Treaty. In some instances, alternative solutions are proposed, but the number of proposed alternatives is limited. Alternatives have been designated in the text using capital letters in accordance with Rule 29(b) of the draft Rules of Procedure for the Diplomatic Conference. One of the proposed alternative solutions includes an Annex with special provisions on enforcement.

**Draft Treaty  
on Intellectual Property  
in Respect of  
Databases**

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ANNEX

**Notes on the Title and on the Preamble**

0.01 The proposed Treaty complements the existing treaties in the field of intellectual property. For this reason, the expression "intellectual property" has been included in the title of the proposed Treaty. The Treaty extends protection to databases that qualify according to the provisions of the Treaty. The expression "database" has been included in the title without further qualification.

0.02 The first paragraph of the Preamble expresses the primary objective of Contracting Parties in concluding the Treaty.

0.03 The second paragraph indicates the main reasons behind the objective stated in the first paragraph.

0.04 The third paragraph indicates the main reasons why Contracting Parties think databases ought to be protected as intellectual property.

0.05 The fourth paragraph refers to the means by which Contracting Parties seek to obtain their objective, namely to establish a new form of protection which, by enabling recovery of investments in databases, encourages investment in this field.

0.06 The fifth paragraph underlines the principle that the proposed Treaty does not interfere with other forms of intellectual property protection at the international level. Because many databases are already protected as literary or artistic works under the Berne Convention for the Protection of Literary and Artistic Works (hereinafter referred to in these Notes as "the Berne Convention"), a specific reference to the Convention has been made. The provisions of the proposed Treaty leave unaffected the protection provided under existing treaties for other intellectual property rightholders, including authors, performers, producers of phonograms, and broadcasting organizations.

[End of Notes on the Title and the Preamble]

**Preamble**

**The Contracting Parties,**

**Desiring** to enhance and stimulate the production, distribution and international trade in databases,

**Recognizing** that databases are a vital element in the development of a global information infrastructure and an essential tool for promoting economic, cultural and technological advancement,

**Recognizing** that the making of databases requires the investment of considerable human, technical and financial resources but that such databases can be copied or accessed at a fraction of the cost needed to design them independently,

**Desiring** to establish a new form of protection for databases by granting rights adequate to enable the makers of databases to recover the investment they have made in their databases and by providing international protection in a manner as effective and uniform as possible,

**Emphasizing** that nothing in this Treaty shall derogate from existing obligations that Contracting Parties may have to each other under treaties in the field of intellectual property, and in particular, that nothing in this Treaty shall in any way prejudice the rights granted to authors in the Berne Convention for the Protection of Literary and Artistic Works,

**Have agreed** as follows:

[End of Preamble]

## Notes on Article 1

1.01 Article 1 sets out the scope of the proposed Treaty. It provides that Contracting Parties shall protect all databases that represent a substantial investment.

1.02 The production and distribution of databases has become a broad economic activity which is expanding rapidly worldwide. The production and distribution of databases may be viewed as a "content industry" within the information industry, and it may be expected that this industry will be a major source of employment. The development of a content industry has both direct and indirect effects on the development of the information infrastructure at a national and international level. In this connection, the database industry plays a significant role in fostering new industries and new jobs.

1.03 The production and distribution of databases requires considerable investment. At the same time, exact copies of whole databases or their essential parts can be made at practically no cost. The increasing use of digital recording technology exposes database makers to the risk that the contents of their databases may be copied and rearranged electronically, without their authorization, to produce similar competing databases or databases with identical content.

1.04 Unauthorized retrieval and copying of the contents of a database has serious consequences for the economics of database production. Protection against unauthorized copying and other unauthorized use has been sought through the copyright system. According to the prevailing view, a significant proportion of existing databases may already be protected by copyright. A condition for this protection is that a database meet the requirements for copyright protection, i.e. that it be the result of its creator's own intellectual effort and that it achieve a sufficient level of originality. It has, however, become evident that copyright does not provide sufficient protection. Many valuable databases do not qualify for copyright protection. It should be noted that in some countries specific *sui generis* forms of intellectual property protection now apply to databases or are presently being established. In some other countries, copyright seems to provide all the protection needed by databases. Nonetheless, these national or regional solutions remain insufficient. In the network environment of the global information infrastructure the database market is truly international and does not respect national boundaries.

1.05 In all countries, continued investment is an essential factor for the development and refinement of databases. Such investment will not take place unless a stable and uniform regime of legal protection is established to protect the rights of makers of databases.

1.06 The proposed Treaty seeks to safeguard makers of databases against misappropriation of the fruits of their financial and professional investment in collecting, verifying and presenting the contents of databases. It does this by proposing protection that covers the whole or substantial parts of a database against certain acts by a user or by a competitor, for the limited duration of the right. The investment, of course, may comprise financial resources, human resources or both.

1.07 On March 11, 1996, the European Parliament and the Council of the European Union adopted a Directive on the legal protection of databases (96/9/EC). This Directive harmonizes



[Article 1 starts on page 13]

certain aspects of the copyright protection provided for databases and creates an exclusive *sui generis* right for the makers of databases. The general objective of this right is to protect the investment of time, money and effort by the maker of a database, irrespective of whether the database is in itself innovative. According to the Directive, a database is protected if there has been a substantial investment, in qualitative or quantitative terms, in obtaining, verifying or presenting the contents of the database. The duration of the protection provided by the Directive is 15 years. The date by which the Member States of the European Union must implement the Directive in their national legislation is January 1, 1998. The proposal submitted by the European Community and its Member States for the February 1996 session of the Committees of Experts follows closely the substantive provisions of this Directive.

1.08 In May 1996, a bill was introduced in the United States Congress (H.R. 3531) that would amend title 15 of the United States Code to create a new federal statute for database protection. The proposed "Database Investment and Intellectual Property Antipiracy Act of 1996" is aimed at preventing actual or threatened competitive injury by the misappropriation of databases or their contents; it is not targeted at non-competitive uses. A database would be subject to protection under the Act if the collection, assembly, verification, organization or presentation of the database contents were the result of a qualitatively or quantitatively substantial investment of human, technical, financial or other resources.

1.09 An important part of the background to the United States bill was the United States Supreme Court decision in *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.* 499 U.S. 340 (1991). The bill was introduced in the U.S. Congress with the statement that "While reaffirming that most although not all commercially significant databases satisfy the 'originality' requirement for protection under copyright, the Court [in *Feist*] emphasized that this protection is 'necessarily thin'. Several subsequent lower court decisions have underscored that copyright cannot stop a competitor from lifting massive amounts of factual material from a copyrighted database to use as the basis for its own competing product."

1.10 The United States bill draws on the fundamental elements of the European Directive and is parallel to its Trans-Atlantic counterpart in its most crucial points. The most significant difference between the United States bill and the European Directive is that the former proposes a 25-year term of protection. When the bill was introduced, its sponsors emphasized that the existing protection for databases afforded by copyright and contract law would not be affected. The bill is intended to supplement these legal rights, not replace them. Furthermore, it was emphasized that the bill avoids conferring any monopoly on facts. The bill is intended to be fully consistent with the proposal *onsui generis* protection of databases which was submitted by the Delegation of the United States of America for the May 1996 sessions of the Committees of Experts (document BCP/CE/VII/2-INR/CE/VI/2).

1.11 The proposed Treaty is based on the aforementioned proposals made by the European Community and its Member States and by the United States of America, taking into account discussions within the Committees of Experts. The scope of the proposed Treaty is laid down in the provisions of Article 1 in a manner that is fully consistent with these proposals.

[Article 1 starts on page 13]

1.12 Paragraph (1) identifies the protected subject matter and sets out the general condition for protection. The protected subject matter is databases. The condition for protection is that a substantial investment has been made in the formation of the database. The expressions "database" and "substantial investment" are defined in Article 2.

1.13 Paragraph (2) makes it clear that protection shall be granted to databases irrespective of the form or medium in which they are embodied. Protection extends to databases in both electronic and non-electronic form. Moreover, this wording embraces all forms or media now known or later developed. Paragraph (2) also makes it clear that protection shall be granted to databases regardless of whether they are made available to the public. This means that databases that are made generally available to the public, commercially or otherwise, as well as databases that remain within the exclusive possession and control of their developers enjoy protection on the same footing.

1.14 Paragraph (3) expresses the principle that the protection accorded by the proposed Treaty is independent of any other form of protection. The protection would therefore be of a new or independent nature. Consequently, the proposed Treaty provides cumulative protection by the attachment of different rights to the database or to its contents. It should be pointed out that the proposed new protection does not replace any of the existing forms of protection that apply to databases or their contents.

1.15 Paragraph (4) provides that protection does not extend to any computer programs as such. A computer program is a set of programming instructions that may cause a computer to perform certain functions or achieve certain results. A computer program can include collections of data or other materials that are not part of the set of instructions that form the operative core of the computer program. According to the proposed Treaty, such databases incorporated in computer programs are protected in the same way as any other databases.

[End of Notes on Article 1]

**Article 1**

**Scope**

(1) Contracting Parties shall protect any database that represents a substantial investment in the collection, assembly, verification, organization or presentation of the contents of the database.

(2) The legal protection set forth in this Treaty extends to a database regardless of the form or medium in which the database is embodied, and regardless of whether or not the database is made available to the public.

(3) The protection granted under this Treaty shall be provided irrespective of any protection provided for a database or its contents by copyright or by other rights granted by Contracting Parties in their national legislation.

(4) The protection under this Treaty shall not extend to any computer program as such, including without limitation any computer program used in the manufacture, operation or maintenance of a database.

[End of Article 1]

## Notes on Article 2

2.01 Article 2 contains definitions of the key terms used in the proposed Treaty.

2.02 Item (i) defines the term "database". The term should be understood to include collections of literary, musical or audiovisual works or any other kind of works, or collections of other materials such as texts, sounds, images, numbers, facts, or data representing any other matter or substance. It is worth pointing out that in addition to many kinds of works and other information materials, databases may contain collections of expressions of folklore.

2.03 In a database, the works or other materials are systematically or methodically arranged, and each of these works or other materials can be individually accessed by electronic or other means. It is not necessary that the materials in a database be stored physically in an organized manner. The arrangement of the materials may be laid down in the addresses and indexes of the material that make it possible to directly access any of the materials in a systematic or methodical way. The requirement that the contents of a database be independent works, data or other materials, and that items in the database are individually accessible excludes any recording of an audiovisual, cinematographic, literary or musical work as such from the definition of a database and the protection of this proposed Treaty.

2.04 The term "collection" has been used in the definition of the term "database", whereas the term "compilation" is used in Article 10.2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods (hereinafter referred to in these Notes as the TRIPS Agreement) concerning copyright protection for databases. The term "collections" has been used in Article 2(5) of the Berne Convention, defining the copyright protection available for collections of works, and in Article 5 of the draft "Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works". It is not intended that the proposed Treaty make any distinction between the two terms; rather, the proposed Treaty, compared to the Berne Convention, adds certain conditions for protection and removes others.

2.05 Item (ii) defines the term "extraction" as meaning the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form. The act of extraction is the transfer of some material to another medium; the original material on the medium in which the database is embodied remains on that medium. In this sense, the term "extraction" is a synonym for "copying" or "reproduction". The expression "another medium" does not refer to any particular medium. Transfer to the same type or any other type of medium, device, instrument or contrivance capable of recording the transferred material, is a transfer within the meaning of this provision. Reference in the provision to "any means" or "any form" is meant to cover all means and forms now known or later developed.

2.06 According to item (iii), the "maker of the database" means the natural or legal person or persons with control and responsibility for the undertaking of a substantial investment in making a database. The expression "control and responsibility for the undertaking of a substantial investment" is intended to exclude the possibility that the protection of the proposed Treaty might flow to the employees who execute the tasks required to produce a database; it is clear that the rights and protection flow to their employer, be it a company,

**Article 2**

**Definitions**

For the purposes of this Treaty:

(i) "database" means a collection of independent works, data or other materials arranged in a systematic or methodical way and capable of being individually accessed by electronic or other means;

(ii) "extraction" means the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form;

(iii) "maker of the database" means the natural or legal person or persons with control and responsibility for the undertaking of a substantial investment in making a database;

[Article 2 continues]

enterprise or other organization, which makes the investment. Likewise, the definition excludes subcontractors who may be commissioned to execute such tasks. In the same way that the term "author" in the Berne Convention applies to the successors in title of the author, the term "maker of a database" applies to the successors in title of the maker of a database. The successors in title of the maker of a database enjoy the full protection of the proposed Treaty.

2.07 Item (iv) defines the term "substantial investment". The investment may be in human, financial, technical or other resources essential to the production of a database. The human resources may, in addition to the "sweat of the brow", consist of the contribution of ideas, innovation and efforts that add to the quality of the product. The protection of a database does not, however, depend upon innovation or quality; mere investment is sufficient. The fact that the main requirement for protection is investment does not, however, reduce the value of the proposed system of protection since it also encourages innovation as well as industrious efforts in the production of databases. The investment must be sufficient, or "substantial", to qualify the database for protection. The substantiality requirement has been characterized in the expression "qualitatively or quantitatively significant"; this expression should be understood to mean qualitatively, quantitatively or both together. The measurement of significance must be based on objective criteria. In any dispute, it is the burden of the maker of the database to demonstrate the necessary investment.

2.08 The activities listed in Article 1(1) that may comprise the investment are the collection, assembly, verification, organization or presentation of the contents of the database. In practice, these are the steps in the production of a database that are most likely to involve substantial investments. A substantial investment in any one of the listed activities will fulfil the requirements for protection. It is recognized that "collection" and "assembly" are often interlinked, and "organization" and "presentation" of the contents may take place simultaneously. Any subsequent verification or re-verification is considered to be "verification" in the sense of Article 1(1).

2.09 Item (v) defines the term "substantial part". The substantiality of any portion of the database is assessed against the value of the database. This assessment should evaluate the qualitative and quantitative aspects of the portion, although neither aspect is more important than the other. As noted in connection with item (iv), "qualitatively or quantitatively" must be understood to mean either or both together. The value of the database refers to its commercial value. This value consists on one hand of direct investments made in the database and on the other hand of the market value or expected market value of the database. This assessment may also take into account the diminution in market value that may result from the use of the portion, including the added risk that the investment in the database will not be recoverable. It may even include an assessment of whether a new product using the portion could serve as a commercial substitute for the original, diminishing the market for the original.

2.10 According to item (v), "substantial part" means any portion of the database, "including an accumulation of small portions". In practice, repeated or systematic use of small portions of the contents of a database may have the same effect as extraction or utilization of a large, or substantial, part of the contents of the database. This construction is intended to ensure the effective functioning of the right and to avoid misappropriation.



[Article 2, continued]

(iv) "substantial investment" means any qualitatively or quantitatively significant investment of human, financial, technical or other resources in the collection, assembly, verification, organization or presentation of the contents of the database;

(v) "substantial part", in reference to the contents of a database, means any portion of the database, including an accumulation of small portions, that is of qualitative or quantitative significance to the value of the database;

[Article 2 continues]

2.11 In item (vi) a definition is provided for the term "utilization". Utilization is a broad concept that covers all forms of making a database or its contents available to the public. It comprises both tangible and intangible dissemination and diffusion, including the distribution of physical copies and all forms of transmission by wire or wireless means. Utilization covers the making of a database available to the public by both on-line and "local" means; it encompasses interactive on-line, on-demand operations where members of the public have access to the database at a place and at a time individually chosen by them, and it encompasses such local means as showing, "playing", demonstrating or otherwise making the contents of a database (such as a CD-ROM) perceptible to the public, even when no transmission is involved. Broadcasting and cable transmissions, whether subscription-based or not, may also be utilization of a database.

2.12 The term "public" has been used in the provision. The purpose for this is to make a distinction between relevant utilization and non-relevant communication between private parties. Utilization includes making available to the public by any means. No list of examples can be exhaustive. The expression "any means" includes all means now known or later developed. A database may be made available to the public even in the absence of any direct or indirect commercial advantage or financial gain.

[End of Notes on Article 2]

[Article 2, continued]

(vi) "utilization" means the making available to the public of all or a substantial part of the contents of a database by any means, including by the distribution of copies, by renting, or by on-line or other forms of transmission, including making the same available to the public at a place and at a time individually chosen by each member of the public.

[End of Article 2]

**Notes on Article 3**

3.01 Paragraph (1) contains the most important operative provision of the proposed Treaty. It accords to the maker of a database the right to authorize or prohibit the relevant acts of extraction and utilization. The right is by its nature an exclusive right. The contents of the provision have, to a great extent, already been determined by the definitions of "extraction", "substantial part" and "utilization" in Article 2.

3.02 The protection provided does not preclude any person from independently collecting, assembling or compiling works, data or materials from any source other than a protected database.

3.03 The right of utilization granted to the maker of a database covers, according to the definition of "utilization", the making available to the public of all or a substantial part of the contents of a database *inter alia* by the distribution of copies. Paragraph (2) allows Contracting Parties to provide for the exhaustion of the right of distribution on a national basis.

3.04 If it is possible for regional economic integration areas with their own legislation in this field to become parties to the Treaty the effect of the exhaustion of the right of distribution may be regional. The territories of such Contracting Parties consist of the territories of their member countries. There is thus no need to make separate mention of regional economic integration areas.

[End of Notes on Article 3]

**Article 3**

**Rights**

(1) The maker of a database eligible for protection under this Treaty shall have the right to authorize or prohibit the extraction or utilization of its contents.

(2) Contracting Parties may, in their national legislation, provide that the right of utilization provided for in paragraph (1) does not apply to distribution of the original or any copy of any database that has been sold or the ownership of which has been otherwise transferred in that Contracting Party's territory by or pursuant to authorization.

[End of Article 3]

**Notes on Article 4**

4.01 Paragraph (1) determines the first owner of the rights provided for in this Treaty. The expression "maker of the database" has been used in singular form in many provisions of the proposed Treaty. This expression must be understood to include its plural wherever there has been more than one maker of a database. When the rights in respect of a database belong to several makers, they own the rights jointly and the authorization of each rightholder is necessary for the extraction or utilization of a substantial part of the database. Likewise, when there is joint ownership of rights in a database, the consent of each of the rightholders is necessary for the assignment, transfer or licensing of the database.

4.02 Paragraph (2) provides that the rights established by the proposed Treaty are freely transferable. No limitations apply to this freedom of contract. National laws, of course, may impose certain requirements in connection with contracts generally, such as a requirement that they be embodied in written documents. Requirements of this type may also be imposed in connection with contracts concerning rights in databases.

4.03 A transferee of rights under paragraph (2) may enjoy all the same protection as the original maker of the database. The maker of a database may transfer all of the rights he has therein.

[End of Notes on Article 4]

**Article 4**

**Rightholders**

(1) The rights provided under this Treaty shall be owned by the maker of the database.

(2) The rights provided under this Treaty shall be freely transferable.

[End of Article 4]

**Notes on Article 5**

5.01 According to paragraph (1), Contracting Parties may provide, in their national legislation, exceptions to or limitations of the rights provided in this Treaty. This freedom is limited by the criteria originally introduced in Article 9(2) of the Berne Convention. First, the criteria permit exceptions only in certain special cases. Second, the exceptions may never conflict with normal exploitation of the database, and third, the exceptions may not unreasonably impair or prejudice the legitimate interests, including economic interests, of the rightholder. The provisions of paragraph (1) allow limitations on the rights of both extraction and utilization.

5.02 Paragraph (2) sets forth a specific rule permitting national legislation to determine whether and how to protect databases made by governmental entities, their agents and employees.

5.03 The rights and exceptions in the proposed Treaty are norms for minimum protection. Article 5 does not preclude national legislation that imposes stricter or narrower rules in respect of exceptions. For example, a Contracting Party may enact national legislation that excludes any limitation of the right to extract the contents of a database in electronic form for private purposes.

[End of Notes on Article 5]



**Article 5**

**Exceptions**

(1) Contracting Parties may, in their national legislation, provide exceptions to or limitations of the rights provided in this Treaty in certain special cases that do not conflict with the normal exploitation of the database and do not unreasonably prejudice the legitimate interests of the rightholder.

(2) It shall be a matter for the national legislation of Contracting Parties to determine the protection that shall be granted to databases made by governmental entities or their agents or employees.

[End of Article 5]

## **Notes on Article 6**

6.01 According to paragraph (1), the benefit of protection is granted to nationals of Contracting Parties. According to the provisions of Article 7(4) makers of databases who have their habitual residence in a Contracting Party are assimilated to nationals of that Contracting Party.

6.02 By a reference to the provisions of paragraph (1) paragraph (2) contains a provision laying down the same principle for the benefit of companies, firms and other legal entities having certain points of attachment to a Contracting Party. The expression "companies, firms and other legal entities" is intended to cover all companies, firms, corporations, unions, associations, non-profit institutions and other legal persons.

6.03 Protection is given to the persons identified in paragraph (1) and paragraph (2) if they meet the criteria set forth in those provisions at the time of the making of the database, which is the moment when the database meets the requirements of Article 1(1).

[End of Notes on Article 6]

**Article 6**

**Beneficiaries of Protection**

(1) Each Contracting Party shall protect according to the terms of this Treaty makers of databases who are nationals of a Contracting Party.

(2) The provisions of paragraph (1) shall also apply to companies, firms and other legal entities formed in accordance with the laws of a Contracting Party or having their registered office, central administration or principal place of business within a Contracting Party; however, where such a company, firm or other legal entity has only its registered office in the territory of a Contracting Party, its operations must be genuinely linked on an on-going basis with the economy of a Contracting Party.

[End of Article 6]

**Notes on Article 7**

7.01 Article 7 contains rules on national treatment and independence of protection. The provisions closely follow the corresponding clauses in Article 5 of the Berne Convention. In accordance with the language in Article 6, these rules refer to the Contracting Party of which the maker of a database is a national, whereas the Berne Convention refers to the country of origin which is defined in the Convention.

7.02 It is proposed that global and unlimited national treatment shall be applied to the rights granted in the proposed Treaty. Paragraph (1) sets out the fundamental principle of national treatment, which is modelled on Article 5(1) of the Berne Convention. In addition, paragraph (1) guarantees all the rights specially granted by this Treaty in a manner similar to the aforementioned clause of the Berne Convention.

7.03 Paragraph (2) contains the rule governing protection of the maker of a database in the Contracting Party of which he is a national. Such protection shall be governed by national legislation. The provision follows the principle of the first sentence of Article 5(3) of the Berne Convention.

7.04 Paragraph (3) adds a provision on independence of protection. This provision corresponds to the language of Article 5(2) of the Berne Convention.

7.05 Paragraph (4) contains a provision according to which the criterion of habitual residence is assimilated to the criterion of nationality for the purposes of the proposed Treaty.

[End of Notes on Article 7]

**Article 7**

**National Treatment and Independence of Protection**

(1) The maker of a database shall enjoy in respect of the protection provided for in this Treaty, in Contracting Parties other than the Contracting Party of which he is a national, the rights which their respective laws do now or may hereafter grant to their nationals as well as the rights specially granted by this Treaty.

(2) Protection of a database in the Contracting Party of which the maker of the database is a national shall be governed by national legislation.

(3) The enjoyment and the exercise of rights under this Treaty shall be independent of the existence of protection in the Contracting Party of which the maker of a database is a national. Apart from the provisions of this Treaty, the extent of protection, as well as the means and extent of redress, shall be governed exclusively by the laws of the Contracting Party where protection is claimed.

(4) Makers of databases who are not nationals of a Contracting Party but who have their habitual residence in a Contracting Party shall, for the purposes of this Treaty, be assimilated to nationals of that Contracting Party.

[End of Article 7]

## Notes on Article 8

8.01 The intellectual property protection provided for in the proposed Treaty is limited in duration. Provisions on the term of protection are found in Article 8. Two alternatives are offered in the Article concerning the term of protection Alternative A follows the proposal made by the United States of America (document BCP/CE/VII/2-INR/CE/VI/2) according to which the term of protection would be at least 25 years, calculated according to Article 6 of that proposal. Alternative B is based on the term of 15 years proposed by the European Community and its Member States (document BCP/CE/VI/13).

8.02 The determination of the proper duration of any form of intellectual property protection is bound to depend on many factors, including the nature of the subject matter protected, the prevailing economic and technical circumstances and the interests of rightholders, users and society at large. In the case of databases, the need for protection in the first instance is connected to the ability of makers of databases to recover the investment they make in a database. The economic life-span of different databases varies depending on their content and the structure of the marketplace. For dynamic databases that are constantly changed and developed, a shorter term of protection could be justified. New versions may be protected under the proposed Treaty and old versions rapidly become outdated and useless. In the case of static databases, such as encyclopaedic, historical and cartographic databases, protection may be needed for a longer period of time. Indeed, the recovery of the heavy investments required by the production of such databases may justify or even necessitate a longer term of protection. For practical reasons, it would be advisable to adopt a single term of protection for all types of databases.

8.03 The 25-year and 15-year alternatives are found in paragraph (1) and paragraph (2) of Article 8. The decision on the term of protection has been left to the Diplomatic Conference.

8.04 In paragraph (1), it is proposed that the calculation of the term of protection should start from the time when the database first meets the requirements of Article 1(1). It is proposed that the term of protection laid down in the proposed Treaty would be a minimum term of protection. This is indicated by the words "at least" in the provision. As is customary in the field of copyright, it is proposed that the rights would endure for a fixed number of years starting from January 1 of the year following the date when the database first met the above-mentioned requirements.

8.05 According to the provisions of paragraph (2), the calculation of the term of protection would start from the date when the database was first made available to the public, if the database is made available to the public in any manner before the expiration of the term provided for in paragraph (1).

8.06 Paragraph (3) establishes the principle that when a database is substantially changed it becomes a new database, entitled to its own term of protection. The substantiality of the change is to be evaluated qualitatively, quantitatively or both qualitatively and quantitatively. The kinds of changes that will lead to the formation of a new database with its own term of protection are those substantial changes in the contents of the database that involve a new substantial investment. Such changes may result from an accumulation of successive acts, such as those included in the non-exhaustive list in the provision.

[End of Notes on Article 8]

**Article 8**

**Term of Protection**

(1) The rights provided for in this Treaty shall attach when a database meets the requirements of Article 1(1) and shall endure for at least

*Alternative A:* 25

*Alternative B:* 15

years from the first day of January in the year following the date when the database first met the requirements of Article 1(1).

(2) In the case of a database that is made available to the public, in whatever manner, before the expiry of the period provided for in paragraph (1), the term of protection shall endure for at least

*Alternative A:* 25

*Alternative B:* 15

years from the first day of January in the year following the date when the database was first made available to the public.

(3) Any substantial change to the database, evaluated qualitatively or quantitatively, including any substantial change resulting from the accumulation of successive additions, deletions, verifications, modifications in organization or presentation, or other alterations, which constitute a new substantial investment, shall qualify the database resulting from such investment for its own term of protection.

[End of Article 8]

**Notes on Article 9**

9.01 Article 9 sets forth the principle of formality-free protection. The protection provided for in the proposed Treaty may not be subject to registration, notice, marking, or any other formality.

[End of Notes on Article 9]



**Article 9**

**Formalities**

The enjoyment and exercise of the rights provided for in this Treaty shall not be subject to any formality.

[End of Article 9]

## Notes on Article 10

10.01 Article 10 contains provisions on obligations concerning technological measures.

10.02 According to paragraph (1) Contracting Parties shall make unlawful the importation, manufacture or distribution of protection-defeating devices or the offer or performance or services having the same effect. A condition for proscription is that the person performing the act knows or has reasonable grounds to know that the device or service will be used for or in the course of the unauthorized exercise of any of the rights provided for under the proposed Treaty. This knowledge requirement therefore focuses on the purpose for which the device or service will be used. The expression "knowing or having reasonable grounds to know" has the same meaning as the expression "knowingly or with reasonable grounds to know" in the provisions on enforcement in the TRIPS Agreement.

10.03 Paragraph (2) includes a provision on remedies against the unlawful acts referred to in paragraph (1). The reason for a special provision on remedies is the fact that the provisions on enforcement in the TRIPS Agreement, which are applicable according to Article 14 of the proposed Treaty, only concern "any act of infringement of intellectual property rights covered by this Agreement". The obligations established in the proposed Article 10 are more akin to public law obligations directed at Contracting Parties than to provisions granting "intellectual property rights".

10.04 Contracting Parties are free to choose appropriate remedies according to their own legal traditions. The main requirement is that the remedies provided are effective and thus constitute a deterrent and a sufficient sanction against the prohibited acts.

10.05 Contracting Parties may design the exact field of application of the provisions envisaged in this Article taking into consideration the need to avoid legislation that would impede lawful practices and the lawful use of subject matter that is in the public domain. Having regard to differences in legal traditions, Contracting Parties may, in their national legislation, also define the coverage and extent of the liability for violation of the prohibition enacted according to paragraph (1).

10.06 Paragraph (3) contains the definition of a "protection-defeating device". It describes the characteristics of devices falling within the scope of the obligations under paragraph (1). To achieve the necessary coverage, the phrase "primary purpose or primary effect of which is to circumvent..." has been used rather than "specifically designed or adapted to circumvent...".

10.07 A proposal on this issue was made for the May 1996 session of the Committees of Experts by the United States of America (document BCP/CE/VII/2-INR/CE/VI/2). The ongoing international discussion has led to a number of modifications and these are incorporated in Article 10.

[End of Notes on Article 10]

**Article 10**

**Obligations concerning Technological Measures**

(1) Contracting Parties shall make unlawful the importation, manufacture or distribution of protection-defeating devices, or the offer or performance of any service having the same effect, by any person knowing or having reasonable grounds to know that the device or service will be used for, or in the course of, the exercise of rights provided under this Treaty that is not authorized by the rightholder or the law.

(2) Contracting Parties shall provide for appropriate and effective remedies against the unlawful acts referred to in paragraph (1).

(3) As used in this Article, "protection-defeating device" means any device, product or component incorporated into a device or product, the primary purpose or primary effect of which is to circumvent any process, treatment, mechanism or system that prevents or inhibits any of the acts covered by the rights under this Treaty.

[End of Article 10]

**Notes on Article 11**

11.01 According to Article 11, the introduction of the new form of protection provided for in the proposed Treaty adheres to a principle that is familiar from the field of copyright.

11.02 In paragraph (1), the right is introduced in such a way that all existing databases become protected from the moment of the entry into force of the proposed Treaty for each Contracting Party. The normal term of protection under Article 6 applies. A database that met the requirements of Article 1(1) before the entry into force of the proposed Treaty for a given Contracting Party, but within the term prescribed in Article 6, will be protected for the remainder of the Article 6 term. A database that met the requirements of Article 1(1) a longer time ago than the term prescribed in Article 6 will remain unprotected.

11.03 Paragraph (2) makes clear that the protection accorded by the proposed Treaty shall not be retroactive and shall not disrupt existing agreements. The protection is without prejudice to any acts performed, agreements concluded or rights acquired before the entry into force of the proposed Treaty for each Contracting Party.

11.04 Paragraph (3) allows transitional arrangements for a limited period of time. The purpose of these provisions is to protect investments made in the making copies by persons who in good faith engaged in the exploitation of databases in a situation where no protection existed. The provision makes it possible for Contracting Parties to provide for conditions under which copies made before the entry into force of the Treaty may continue to be distributed to the public after the entry into force of the Treaty. The time limit for such provisions is two years. Transitional arrangements only concern distribution of copies and do not extend to the reproduction of new copies by extraction, or to utilization of the database by making it available to the public by transmission.

[End of Notes on Article 11]

**Article 11**

**Application in Time**

(1) Contracting Parties shall also grant protection pursuant to this Treaty in respect of databases that met the requirements of Article 1(1) at the date of the entry into force of this Treaty for each Contracting Party. The duration of such protection shall be determined by the provisions of Article 8.

(2) The protection provided for in paragraph (1) shall be without prejudice to any acts concluded or rights acquired before the entry into force of this Treaty in each Contracting Party.

(3) A Contracting Party may provide for conditions under which copies of databases which were lawfully made before the date of the entry into force of this Treaty for that Contracting Party may be distributed to the public, provided that such provisions do not allow distribution for a period longer than two years from that date.

[End of Article 11]

**Notes on Article 12**

12.01 Article 12 deals with the relationship between the protection accorded under the proposed Treaty and existing or future rights and obligations. The protection granted under the proposed Treaty shall leave intact and shall in no way affect any "conventional" rights in the database or its contents. This principle is extended as well to any obligations that might exist with respect to the database or its contents. The Article contains a non-exhaustive list of rights and obligations.

[End of Notes on Article 12]

**Article 12**

**Relation to Other Legal Provisions**

The protection accorded under this Treaty shall be without prejudice to any other rights in, or obligations with respect to, a database or its contents, including laws in respect of copyright, rights related to copyright, patent, trademark, design rights, antitrust or competition, trade secrets, data protection and privacy, access to public documents and the law of contract.

[End of Article 12]

**Notes on Article 13**

13.01 Two alternatives on enforcement are presented in Article 13. The choice between them has been left to the Diplomatic Conference. This is because the issue of enforcement is a horizontal one that must be considered in connection with the two other proposed Treaties published simultaneously with the present proposed Treaty. Each of the two alternatives is based on the enforcement provisions of Part III, Articles 41 to 61, of the TRIPS Agreement.

13.02 Alternative A consists of the text of Article 13 and an Annex Paragraph (1) introduces the Annex which contains the substantive provisions on enforcement Paragraph (2) states that the Annex forms an integral part of the proposed Treaty. The provisions of the Annex have the same status as the provisions of the proposed Treaty.

13.03 Alternative B incorporates the enforcement provisions in the TRIPS Agreement by reference. The provisions of Alternative B obligate Contracting Parties to ensure that proper enforcement procedures, as specified in Part III, are available. To this end, Contracting Parties shall apply the relevant provisions of the TRIPS Agreement *mutatis mutandis*

[End of Notes on Article 13]



**Article 13**

**Special Provisions on Enforcement of Rights**

*Alternative A (continues on page 43)*

(1) Special provisions regarding the enforcement of rights are included in the Annex to the Treaty.

(2) The Annex forms an integral part of this Treaty.

*Alternative B*

Contracting Parties shall ensure that the enforcement procedures specified in Part III, Articles 41 to 61, of the Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, Annex 1C, of the Marrakesh Agreement Establishing the World Trade Organization, concluded on April 15, 1994 (the "TRIPS Agreement"), are available under their national laws so as to permit effective action against any act of infringement of the rights provided under this Treaty, including expeditious remedies to prevent infringements, and remedies that constitute a deterrent to further infringements. To this end, Contracting Parties shall apply *mutatis mutandis* the provisions of Articles 41 to 61 of the TRIPS Agreement.

[End of Article 13]

**Notes on the Annex**

14.01 The Annex forms the second part of Alternative A of Article 13. The Annex reproduces in its Articles 1 to 21, Part III, Articles 41 to 61, of the TRIPS Agreement. Certain necessary technical adaptations have been made, corresponding to the joint proposal made by the European Community and its Member States and Australia concerning the enforcement of rights which was submitted for the September 1995 sessions of the Committees of Experts (document BCP/CE/V/8). Certain other modifications have been made concerning clauses that are not relevant with regard to the proposed Treaty.

14.02 No detailed Notes are offered on the specific provisions of the Annex.

[End of Notes on the Annex]

*Alternative A (continued from page 41)*

**ANNEX**

**Enforcement of Rights**

**SECTION 1**

**GENERAL OBLIGATIONS**

**Article 1**

1. Contracting Parties shall ensure that enforcement procedures as specified in this Annex are available under their law so as to permit effective action against any act of infringement of rights covered by this Treaty, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.
2. Procedures concerning the enforcement of rights covered by this Treaty shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.
3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.
4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Contracting Party's law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.
5. It is understood that this Annex does not create any obligation to put in place a judicial system for the enforcement of rights covered by this Treaty distinct from that for the enforcement of law in general, nor does it affect the capacity of Contracting Parties to enforce their law in general. Nothing in this Annex creates any obligation with respect to the distribution of resources as between enforcement of rights covered by this Treaty and the enforcement of law in general.

## SECTION 2

### CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES

#### Article 2

##### Fair and Equitable Procedures

Contracting Parties shall make available to the right holder<sup>1</sup> civil judicial procedures concerning the enforcement of any right covered by this Treaty. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

#### Article 3

##### Evidence

1. The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.
2. In cases in which a party to a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes a procedure relating to an enforcement action, a Contracting Party may accord judicial authorities the authority to make preliminary and final determinations, affirmative or negative, on the basis of the information presented to them, including the complaint or the allegation presented by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.

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<sup>1</sup> For the purpose of this Annex, the term "right holder" includes federations and associations having legal standing to assert such rights.

## **Article 4**

### **Injunctions**

1. The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of a right covered by this Treaty, immediately after customs clearance of such goods. Contracting Parties are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of a right covered by this Treaty.

[Paragraph 2 of Article 44 of the TRIPS Agreement is not reproduced here.]

## **Article 5**

### **Damages**

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's right covered by this Treaty by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Contracting Parties may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

## **Article 6**

### **Other Remedies**

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. [A clause not reproduced here.]

## **Article 7**

### **Right of Information**

Contracting Parties may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.

## **Article 8**

### **Indemnification of the Defendant**

1. The judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.

2. In respect of the administration of any law pertaining to the protection or enforcement of rights covered by this Treaty, Contracting Parties shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of the administration of that law.

## **Article 9**

### **Administrative Procedures**

To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

### SECTION 3

#### PROVISIONAL MEASURES

##### Article 10

1. The judicial authorities shall have the authority to order prompt and effective provisional measures:

- (a) to prevent an infringement of any right covered by this Treaty from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;
- (b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures in audita altera parte where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been adopted in audita altera parte, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed.

5. The applicant may be required to supply other information necessary for the identification of the goods concerned by the authority that will execute the provisional measures.

6. Without prejudice to paragraph 4, provisional measures taken on the basis of paragraphs 1 and 2 shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where a Contracting Party's law so permit or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of a right covered by this Treaty, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.

8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

## SECTION 4

### SPECIAL REQUIREMENTS RELATED TO BORDER MEASURES

#### Article 11

##### Suspension of Release by Customs Authorities

Contracting Parties shall, in conformity with the provisions set out below, adopt procedures<sup>3</sup> to enable a right holder, who has valid grounds for suspecting that the importation of [words omitted] pirated goods<sup>4</sup> may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. [A clause omitted]. Contracting Parties may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.

#### Article 12

##### Application

Any right holder initiating the procedures under Article 11 shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is prima facie an infringement of the right holder's right covered by this

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<sup>2</sup> **Where a Contracting Party has dismantled substantially all controls over movement of goods across its border with another Contracting Party with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.**

<sup>3</sup> It is understood that there shall be no obligation to apply such procedures to imports of goods put on the Market in another country by or with the consent of the right holder, or to goods in transit.

<sup>4</sup> For the purposes of this Annex:

"pirated goods" shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a right covered by this Treaty under the law of the country of importation.



Treaty and to supply a sufficiently detailed description of the goods to make them readily recognisable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.

### **Article 13**

#### **Security or Equivalent Assurance**

1. The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.

[Paragraph 2 of Article 53 of the TRIPS Agreement is not reproduced here.]

### **Article 14**

#### **Notice of Suspension**

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article 11.

### **Article 15**

#### **Duration of Suspension**

If, within a period not exceeding 10 working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or exportation have been complied with; in appropriate cases, this time-limit may be extended by another 10 working days. If proceedings leading to a decision on the merits of the case have been initiated, a review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period, whether these measures shall be modified, revoked or confirmed. Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, the provisions of paragraph 6 of Article 10 shall apply.

## **Article 16**

### **Indemnification of the Importer and of the Owner of the Goods**

Relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to Article 15.

## **Article 17**

### **Right of Inspection and Information**

Without prejudice to the protection of confidential information, Contracting Parties shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate the right holder's claims. The competent authorities shall also have authority to give the importer an equivalent opportunity to have any such goods inspected. Where a positive determination has been made on the merits of a case, Contracting Parties may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of goods in question.

## **Article 18**

### **Ex Officio Action**

Where Contracting Parties require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired prima facie evidence that a right covered by this Treaty is being infringed:

- (a) the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;
- (b) the importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions mutatis mutandis, set out at Article 15;
- (c) Contracting Parties shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.

## **Article 19**

### **Remedies**

Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 6. [A clause not reproduced here.]

## **Article 20**

### **De Minimis Imports**

Contracting Parties may exclude from the application of above provisions small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments.

## **SECTION 5**

### **CRIMINAL PROCEDURES**

## **Article 21**

Contracting Parties shall provide for criminal procedures and penalties to be applied at least in cases of wilful [words omitted] piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. [A clause not reproduced here.]

[End of document]