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BILATERAL TREATIES**Austria—German Democratic Republic**

Treaty Between the Republic of Austria and the German Democratic Republic on the Legal Protection of Inventions, Industrial Designs and Trademarks (of November 11, 1980) . . . Text 1-006

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Notifications Concerning Treaties

Patent Cooperation Treaty (PCT)

Withdrawal of Declaration Concerning Chapter II

DENMARK

The Government of Denmark has notified, in its notification received on August 1, 1988, the withdrawal of the declaration contained in its instrument of ratification of the Patent Cooperation Treaty (PCT) done at Washington on June 19, 1970, to the effect that Denmark is not bound by the provisions of Chapter II of the said Treaty (see PCT Notification No. 23, of September 12, 1978¹).

The withdrawal of the said declaration will take effect on November 1, 1988. Consequently, from the said date, Denmark will be bound also by the provisions of Chapter II of the Patent Cooperation Treaty.

PCT Notification No. 52, of August 8, 1988.

¹ See *Industrial Property*, 1978, p. 255.

Budapest Treaty

Acquisition of the Status of International Depository Authority

AUSTRALIAN GOVERNMENT ANALYTICAL
LABORATORIES (AGAL)
(Australia)

The following written communication addressed to the Director General of WIPO by the Government of Australia under Article 7 of the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure was received on July 14, 1988, and is published by the International Bureau of WIPO pursuant to Article 7(2)(a) of the said Treaty:

I have the honour to refer to the Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure done at Budapest on 28 April 1977 and to advise that in accordance with the provisions of Article 7 of that Treaty the Government of Australia nominates the Australian Government Analytical Laboratories (AGAL) as an international depository authority (IDA). The Government of Australia furnishes its assurances that AGAL complies with and will continue to comply with requirements specified in Article 6(2) of the said Treaty.

AGAL is part of the Commonwealth Department of Administrative Services and has had a continuous existence, having been established in 1901 at the time of the Federation of Australia.

The New South Wales Regional Laboratory, located at 1 Suakin Street, Pymble, N.S.W., 2073, Australia, through which AGAL intends to discharge its responsibilities as an IDA, contains a suite of laboratories specifically designed and built to allow microbiological work of the highest standard to be performed. In addition, a staff of two has been assigned to fulfil the various specialised scientific services required to ensure that deposits are maintained viable and uncontaminated. It is also intended that a Scientific Advisory Committee, including the Senior Microbiologist responsible for the Collection, will report to the Australian Government Analyst on the operation of AGAL as an IDA.

As a scientific institution AGAL necessarily performs and will continue to perform its functions in an impartial and objective manner.

For the purposes of deposit, AGAL will be available to any depositor under the same conditions.

AGAL will accept for deposit bacteria (including actinomycetes), yeasts and fungi, other than known human and animal pathogens, that can be preserved without significant change to their properties by the methods of preservation in use. (These are currently freezing and freeze drying.) Microorganisms accepted for deposit by AGAL will be examined for viability and stored as prescribed in the Regulations. AGAL will not at this time accept for deposit animal, plant, algal and protozoal cultures, cultures of viral rickettsial and chlamydial agents, microorganisms prohibited by Australian law, or fastidious microorganisms which may require, in the view of the curator, special attention to handling and preparation for storage.

AGAL will, in accordance with the Regulations of the Treaty, issue to the depositor a receipt and any required viability statement.

Patent cultures will be stored in a locked refrigerator and will be subject to regular audit. Only authorised staff will have access to them. AGAL will comply with the secrecy requirements prescribed in the Regulations.

AGAL will also furnish samples of deposited microorganisms under the conditions and in conformity with the procedures prescribed in the regulations.

In accordance with Rule 6.3(a) of the Regulations, AGAL requires before it will accept cell lines for deposit:

- (i) that a deposit of cell lines should be in an appropriate form and adequate quantity to enable AGAL to carry out properly its duties under the Regulations;
- (ii) that the written statement referred to in Rule 6.1(a) or 6.2(a) be drafted in English;
- (iii) that the fee for storage referred to in Rule 12.1(a)(i) be paid; and
- (iv) that the depositor complete an Application Form for the purposes of the administrative procedures of AGAL.

The fees that AGAL will, should it acquire the status of an IDA, charge for storage, viability state-

ments and furnishing of samples of microorganisms are set out below.

The fees, in Australian dollars, will be payable to the Australian Government Analytical Laboratories and will be reviewed annually:

For the storage of the cell line in accordance with the Treaty	\$750
For the issue of a viability statement in those cases in which, in accordance with Rule 10.2, a fee may be charged	90
For the furnishing of a sample in accordance with Rules 11.2 and 11.3	60

The official language of AGAL is English.

[End of text of the communication of the
Government of Australia]

Pursuant to Article 7(2)(b) of the Budapest Treaty, the Australian Government Analytical Laboratories (AGAL) acquires the status of international depository authority as from September 30, 1988.

Budapest Communication No. 46 (this Communication is the subject of Budapest Notification No. 72, of August 15, 1988).

WIPO Meetings

Committee of Experts on Measures Against Counterfeiting and Piracy

(Geneva, April 25 to 28, 1988)

NOTE*

The Committee of Experts on Measures Against Counterfeiting and Piracy (hereinafter referred to as "the Committee of Experts") met at WIPO headquarters in Geneva from April 25 to 28, 1988.

The following States were represented at the session: Afghanistan, Algeria, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Burundi, Canada, China, Colombia, Congo, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Denmark, Egypt, Finland, France, Germany (Federal Republic of), Honduras, Hungary, India, Ireland, Israel, Italy, Jamaica, Japan, Mexico, Morocco, Netherlands, Norway, Pakistan, Panama, Portugal, Republic of Korea, Soviet Union, Spain, Sweden, Switzerland, Togo, Tunisia, Turkey, United Kingdom, United Republic of Tanzania, United States of America, Uruguay, Yemen, Yugoslavia, Zaire (51). Representatives of seven intergovernmental organizations and 30 non-governmental organizations also attended the session of the Committee of Experts as observers. The list of participants follows this Note.

Discussions were based on the document entitled "Model Provisions for National Laws" (hereinafter referred to as "the memorandum"). The document entitled "Provisions in the Paris, Berne and Neighboring Rights Conventions," which had been prepared for the session, was not discussed by the Committee of Experts and it was agreed that it would be considered at a future session.

In the field of counterfeiting, the International Bureau of WIPO has twice convened a committee of experts in industrial property law (under the title "Committee of Experts on the Protection Against Counterfeiting"), namely, in 1986 and 1987.¹ In the field of piracy, it has held two worldwide forums, namely, the WIPO Worldwide Forum on the Piracy of Sound and Audiovisual Recordings and the WIPO Worldwide Forum on the Piracy of Broadcasts and of the Printed

Word, in 1981 and 1983, respectively.² Furthermore, two committees of experts in copyright and neighboring rights law, jointly convened by WIPO and Unesco, have given special attention to measures against piracy, namely, those on "Audiovisual Works and Phonograms" (June 1986) and on "The Printed Word" (December 1987).

Both kinds of committees of experts expressed their advice on draft model provisions (in the case of counterfeiting) or on draft "principles" (in the case of piracy), both intended to achieve the following two main aims: (i) to make legislators, governments and the general public aware of the need to combat counterfeiting and piracy, and (ii) to create material that should be useful to those who prepare national laws, and to those who adopt them, when they consider what provisions national laws should contain as measures for effectively and efficiently combating counterfeiting and piracy.

It is believed that henceforth questions of counterfeiting and piracy should be considered not only separately but also together since they are germane as to their legal nature and since the measures for combating counterfeiting and piracy are similar. It is for this reason that the model provisions for national laws submitted to the Committee of Experts concerned counterfeiting and piracy.

During the general debate, delegations taking the floor welcomed the extended scope of the model provisions and underlined the importance they attached to WIPO's work in the struggle against counterfeiting and piracy, as well as the need to continue its efforts in parallel with those carried out in other international bodies.

Following the general debate, participants undertook a detailed study of the memorandum.

I. Model Provisions

Each of the four Articles (A, B, C and D) of the model provisions proposed by the International Bureau and the corresponding extracts from the report of the meeting are quoted hereafter.

* Prepared by the International Bureau.

¹ For the Notes concerning the two sessions of this Committee of Experts, see *Industrial Property*, 1986, pp. 328 *et seq.*, and 1987, pp. 401 *et seq.*

² For the Notes concerning the two worldwide forums in the field of piracy, see *Copyright*, 1981, pp. 145 *et seq.*, and 1983, pp. 143 *et seq.*

Counterfeiting and Piracy. Article A(1) of the draft model provisions read as follows:

(1) Manufacturing as an Act of Counterfeiting. *The manufacturing, or the preparation of the manufacturing, of goods*

- (i) *that bear, or are accompanied by, a two-dimensional sign (word(s), letter(s), number(s), color(s), graphic representation(s), etc.), or whose form or packaging consists of three-dimensional features, that is or are a reproduction or a slavish or near-slavish imitation of a protected two-dimensional or three-dimensional trademark, provided that the goods are of the same or a similar kind as any of the goods for which the trademark is protected or, even where the goods are of a different kind, that there is a danger of confusion regarding the origin of the goods,*
- (ii) *that bear, or are accompanied by, a graphic representation, or whose form or packaging consists of three-dimensional features, that is or are a reproduction or a slavish or near-slavish imitation of a protected industrial design,*
- (iii) *that have an appearance or a packaging which, even if not protected as a trademark, an industrial design or by copyright, is identical with or confusingly similar to the appearance or packaging of goods known in commerce as an appearance or packaging of goods of a given enterprise,*
- (iv) *that embody the subject matter of a protected invention or were produced by using a protected invention,*

shall constitute an act of counterfeiting, provided that such goods are manufactured on a commercial scale and without the authorization of the owner of the right in the trademark, industrial design, appearance, packaging or invention, as the case may be (hereinafter referred to as "counterfeit goods"). A licensee may grant the authorization, if and to the extent that he is entitled to do so pursuant to his contractual or compulsory license, as the case may be.

The corresponding extract from the report reads as follows:

One delegation proposed that subparagraph (i) of this paragraph cover not only the case of trademarks but also that of indications of source and appellations of origin, and that the use of such indications or appellations be considered an act of counterfeiting even where they were accompanied by a delocalizing term. A number of other delegations also considered that the question of indications of source and appellations of origin should be dealt with by the model provisions. Those delegations considered, however, that the drafting submitted by the delegation that made the proposal was not adequate, and that paragraph (1)(i) was perhaps not the proper place for dealing with the question, which in various respects could not be assimilated to the case of trademarks. In that connection, the Secretariat pointed out, by way of example, that the matter of delocalizing terms was characteristic of appellations of origin, and that it could not, in principle, relate to trademarks. Another delegation drew attention to the fact that appellations of origin, unlike marks, had authorized users but not owners, and that the case of the authorization of the owner provided for at the end of paragraph (1) was not applicable to them.

In reply to a question from a delegation that raised the problem of appellations of origin that had become generic, it was mentioned that the model provisions were not a treaty intended to be substituted for national legislation, and that it was for the national authorities to decide whether or not a term was generic. It was also pointed out by the Secretariat that the same was true of signs that could constitute trademarks, which might vary according to the various national laws.

Some delegations considered that the provision according to which there was counterfeiting "even where the goods are of a different kind" (eighth and ninth lines of paragraph (1)(i)) was too broad and that, if its purpose was to cover the case of marks of high reputation, it would be better to refer expressly to such marks.

Another delegation considered that it was not appropriate, in the case considered in the last part of paragraph (1)(i), to require the existence of a danger of confusion. In the opinion of that delegation, there was always counterfeiting in the case considered, even where the counterfeit mark was accompanied by an expression that revealed the true origin of the product.

With regard to Article A(1)(ii), one delegation proposed that the wording of that provision be amended by substitution of the words "that incorporate" for the words "that bear, or are accompanied by."

In reply to a question from a delegation on the subject of Article A(1)(iii), the Director General explained that the protection of the appearance of the product was a new concept that it was necessary to take into account, in view of the fact that the existing categories of intellectual property rights did not permit all cases to be covered.

A number of delegations and representatives of non-governmental organizations declared themselves in favor of the adoption of a provision such as that appearing in Article A(1)(iii), since the protection of the appearance of the product was necessary to combat all forms of counterfeiting. Some delegations were, however, of the opinion that the case considered did not constitute an act of counterfeiting in the strict sense, and that it should be included in a special provision that grouped all the cases in which there were no protected rights. It was mentioned in that connection that there were a number of countries in which such cases could be covered by unfair competition law, which consequently required the existence of misconduct on the part of the perpetrator of the act, which in turn would establish his liability.

Other delegations considered it premature to introduce a provision such as that proposed in paragraph (1)(iii), and that there were not yet enough elements to define the new concept. Those delegations considered that the paragraph was drafted in too broad terms; for instance, misgivings were expressed regarding the fact that a right could be created by the sole fact of the appearance of a product being known in commerce, and that there were not enough elements available for the definition of the new concept.

It was emphasized in that connection that it was a question above all of agreeing on the principle and of establishing whether there was a desire to go beyond the recognized categories of industrial property. It would be unfair not to regard as coming under the heading of counterfeiting those cases that were not covered by industrial property rights, and so it would be necessary to consider the question of the element of intent in greater depth.

Some delegations also asked for explanations on points of terminology, while two delegations, supported by others, asked for amendments to be made to paragraph (1)(iii).

One delegation asked that the proviso at the beginning of the subparagraph ("even if not protected as a trademark, an industrial design or by copyright") be placed at the end of that subparagraph. In support of the request it was mentioned that the proviso was intended to apply not to the appearance or packaging of the counterfeiter's goods, but to the appearance or packaging of the goods that had been counterfeited.

Another delegation pointed out that, if paragraph (1)(iii) was retained, its wording should be aligned on that of paragraph (1)(i) and (ii), particularly with respect to the use of the expression "a reproduction or a slavish or near-slavish imitation."

Paragraph (1)(iv) gave rise to a protracted discussion on the question of whether it was appropriate to deal with the case of inventions in the context of model provisions on counterfeiting. It was pointed out in that connection that there was a difference between the infringement of a patent and the problem of counterfeiting as contemplated in the model provisions, and that one could not envisage the counterfeiting of patents in the same sense as that in which the term was used in the provisions; for instance, a patent could be infringed (for which the French term was also "*contrefait*") where the appearance of the product to which the infringing patent related was completely different. In that particular case, therefore, it was not a question of comparing goods.

A number of delegations and representatives of non-governmental organizations declared themselves in favor, for the reasons given, of the deletion of paragraph (1)(iv) and of any reference to protected inventions.

However, several other delegations and representatives of non-governmental organizations declared themselves in favor of the retention of paragraph (1)(iv), and pointed out in particular that the model provisions merely offered solutions, and that each country was free to accept them or not. One of the delegations asked for confirmation to be given that the term "protected invention" covered not only the case of inventions protected by patents but also that of inventions protected by inventors' certificates; it also asked for paragraph (1)(iv) to be completed with the words "or protected plant variety." That request was supported by another delegation, which asked for account to be taken also of the case of the topographies of semiconductors, and by the representative of one non-governmental organization. One delegation on the other hand declared its opposition to the inclusion of protected plant varieties, considering that any enumeration would be bound to be incomplete, and that it was preferable to retain solely the general term "protected invention."

Another delegation proposed that the word "embody" in paragraph (1)(iv) be preceded by the words "wholly or partly."

The Chairman concluded by noting that a majority had emerged in favor of the retention of paragraph (1)(iv), and that each country would naturally be free to draw inspiration from the provision or to ignore it.

With regard to the last part of Article A(1), there was some discussion as to whether or not the definition of counterfeiting should embody the condition that the goods be manufactured on a commercial scale.

One delegation pointed out that the condition certainly raised a number of questions. Should one therefore deduce that all activities of a craft nature were excluded from the purview of counterfeiting? The same delegation also pointed out that, if the quantity produced really had to be taken into consideration, the same quantity did not have the same meaning depending on the type of activity contemplated.

One delegation expressed the opinion that the concept of commercial scale should be interpreted in a broad sense, and that occasional acts, such as the distribution free of charge and the putting into circulation of small quantities of counterfeit goods, also constituted counterfeiting. The same opinion was held by other delegations and representatives of non-governmental organizations.

Several delegations were of the opinion that the expression "on a commercial scale" should be replaced with "for commercial purposes."

However, one delegation pointed out that the criminal law of its country did not allow it to subscribe to that proposal, as it did not recognize purposes of an act as being capable of constituting an offense, and that under such circumstances it was preferable to say nothing at all.

The representative of a non-governmental organization pointed out on the other hand that, in the great majority of national laws, the expression "for commercial purposes" was the most widely used.

One delegation, for its part, considered that there could be counterfeiting even where the manufacture was not on a commercial scale and even if there was no direct financial gain.

One delegation, supported by several other delegations, proposed that counterfeiting should not presuppose production on a commercial scale, but rather that it be made subject to the existence of direct or indirect commercial advantages or for a personal financial gain.

The Secretariat pointed out that the question under discussion was the crucial point in the Article concerned, that the concept of "commercial scale" was an objective criterion, whereas intent, on the contrary, was a subjective criterion that was difficult to evaluate, and that reference to financial gain did not seem very appropriate. In any event, what was necessary was that one find a criterion whereby the difference could be established between a mere violation of industrial property rights on the one hand and counterfeiting on the other.

The Chairman concluded the discussions on this question by pointing out that they had revealed a certain tendency to prefer a wording somewhat different from that proposed in the draft, and that all the observations that had been made would be taken into consideration when a new version of the model provisions and of the accompanying observations was drafted.

With regard to the provision according to which the existence of an act of counterfeiting was subject to the fact of the goods being manufactured without the authorization of the owner, one delegation wondered in what country the authorization concerned had to have been given, and whether one should consider it to be the country in which the act had been committed.

In that connection one delegation mentioned that, in terms of its national legislation, there was no unlawful use where there was authorization.

Another delegation expressed the fear that the last sentence of Article A(1), which provides that in certain

cases a licensee may grant the authorization, might have the effect of authorizing parallel imports. That delegation consequently expressed the wish that all reference to licenses be omitted.

At the end of the discussions, the Secretariat stated that it considered not to retain the last sentences of Article A(1), (3)(a) and (3)(b) and that it would explain its reasons in the observations. It further stated that the model provisions had no effect on parallel imports and that it was up to each country to decide how to treat parallel imports.

Counterfeiting and Piracy. Article A(2) of the draft model provisions read as follows:

(2) Manufacturing as an Act of Piracy. *The manufacturing, or the preparation of manufacturing, of copies*

- (i) *of protected literary and artistic works,*
- (ii) *of fixations of protected performances,*
- (iii) *of protected phonograms,*
- (iv) *of protected broadcasts,*

shall constitute an act of piracy, provided that such copies are manufactured on a commercial scale and without the authorization of the owner of the right in the protected work, performance, phonogram or broadcast, as the case may be (hereinafter referred to as "pirate copies"). A licensee may grant the authorization, if and to the extent that he is entitled to do so pursuant to his contractual, compulsory or statutory license, as the case may be.

The corresponding extract from the report reads as follows:

Some delegations and representatives of observer organizations proposed that, in the opening lines of Article A(2), the word "manufacturing" should be replaced by the word "reproduction" and/or "duplication," because the latter words corresponded better to the terminology of copyright and so-called neighboring rights. One delegation, however, was in favor of retaining the word "manufacturing" which, in its view, was a correct expression in the context of the definition of piracy.

One delegation suggested that architectural plans should be mentioned separately in Article A(2). Another delegation proposed the same in respect of protected works fixed on sound and visual supports and, still another delegation, in respect of photographs. In answer to those proposals, it was stated that all those productions were covered by the definition of literary and artistic works under the Berne Convention and, consequently, were covered by point (i) of Article A(2).

Some delegations proposed that computer programs should be considered to be covered by Article A(2) as a category of literary and artistic works and that this should be made clear, at least, in the comments to the article.

Another delegation expressed the view that it would be premature to include any such statements in the model provisions or in the comments because the question of the appropriate kind of protection for computer programs had not been answered definitely at the international level and the final results of the discussions on the protection of integrated circuits would also have to be taken into account.

One delegation informed the Committee that, in its country, phonograms were considered to be the results of creative efforts and, therefore, were protected as works by the Copyright Act.

Another delegation suggested that the list contained in Article A(2) should be presented without being divided into four points; thus, the repetition of the word "protected" could be avoided.

Several comments were made concerning the notion of manufacture on a "commercial scale" as one of the elements of the definition of piracy. Some delegations and representatives of observer organizations were in favor of retaining that element, while other delegations and representatives of observer organizations suggested that it should be replaced by a condition according to which manufacturing (or reproduction or duplication) should be made for commercial purposes or, according to a more detailed proposal, for indirect or direct commercial or financial advantages.

Finally, one delegation proposed that unauthorized manufacturing of copies should be considered piracy whether it was done on a commercial scale or for commercial purposes. Several delegations and representatives of observer organizations supported this proposal.

Several delegations and representatives of observer organizations were in favor of an extensive interpretation of "commercial scale" and/or "commercial purposes." Some of them stressed that the avoidance of the obligation of payment should also be considered a commercial or financial advantage.

One delegation added that not only commercial or financial advantages, but also other advantages, should be recognized as a significant condition.

Representatives of some international non-governmental organizations expressed the view that, although isolated personal and private copying might not have to be qualified as piracy, widespread internal copying (for example, in public institutions or private companies) should be covered by the definition of piracy.

Several other delegations and representatives of observer organizations stressed that the definition of piracy should be restricted to the most serious infringements and, thus, any excessive interpretation of "commercial scale" and/or "commercial purposes" should be avoided.

One delegation underlined that not only the interests of the owners of rights but also public interests should be taken into account when defining piracy. The delegation added that, in that respect, the special interests of developing countries should also be considered.

Some delegations and representatives of several international non-governmental organizations suggested that the definition of piracy should not be restricted to the most serious infringements of the right of reproduction but be extended to such infringements of the right of broadcasting, the right of communication to the public and the right of public performance. In this connection, reference was made to certain types of infringements—such as, the unauthorized interception and distribution of programs transmitted by satellites, the widespread distribution and use of unauthorized decoders for the reception of encrypted programs, the unauthorized use of works in cable-originated programs, the unauthorized public performance of works included in videocassettes—which were considered serious enough to be covered by the definition of piracy.

The Director General stated that, in view of the general wish that the next draft should also deal with piracy in case of broadcasting and other public communications, the Secretariat would prepare draft provisions to that effect.

Counterfeiting and Piracy. Article A(3) of the draft model provisions read as follows:

(3) Additional Acts of Counterfeiting and Piracy.

(a) *In addition to the acts referred to in paragraphs (1) and (2), the following acts shall constitute acts of counterfeiting or piracy:*

- (i) *the packaging or the preparation of packaging,*
- (ii) *the exportation, importation and transit,*
- (iii) *the offering for sale, rental, lending or other distribution,*
- (iv) *the sale, rental, lending or other distribution,*
- (v) *the possession, with the intention of doing any of the acts referred to in items (i) to (iv), above,*

of counterfeit goods or pirate copies, provided that the act is committed on a commercial scale and without the authorization of the owner of the right in the trademark, industrial design, appearance, packaging, invention, literary or artistic work, performance, phonogram or broadcast, as the case may be. A licensee may grant the authorization, if and to the extent that he is entitled to do so, pursuant to his contractual, compulsory or statutory license, as the case may be.

(b) *The affixing of a sign, being a reproduction or a slavish or near-slavish imitation of a protected trademark, on goods or on their packaging, or any preparatory step towards such affixing, by anyone who has not been authorized by the owner of the protected trademark shall also constitute an act of counterfeiting. A licensee may grant the authorization, if and to the extent that he is entitled to do so pursuant to his contractual license.*

The corresponding extract from the report reads as follows:

With regard to the additional acts of counterfeiting and piracy, which are listed in paragraph (3)(a), one delegation asked whether one should not introduce the concept of intent, and lay down the principle according to which the acts concerned could not constitute acts of counterfeiting or piracy unless they were committed deliberately.

One delegation considered that such other acts should be limited and that no account should be taken of them unless there was violation of a right, whereas another delegation wished to have broadcasting, reproduction and performance without the authorization of the owners of rights included among those acts.

The question of transit gave rise to a long exchange. Some delegations were of the opinion that it was preferable to delete any reference to transit. They pointed to the fact that goods that could not be regarded as counterfeit goods, either in the exporting country or in the importing country, might, according to the proposed provision, give rise in the country of transit to measures that were directed against counterfeit goods if the conditions for them to be considered such were fulfilled in that country.

It was considered, moreover, that it was going too far to involve transport firms in matters of counterfeiting, whereas one delegation pointed out that its criminal code provided for a presumption of bad faith on the part of the transporter of counterfeit goods.

Another delegation recalled that it had already laid emphasis at the previous year's session on the practical difficulties associated with controlling the transit of counterfeit goods.

It was indicated that the model law being drawn up by the Customs Co-operation Council did not deal expressly with the problem of transit, but that the experts regarded the provisions of that law as referring to transit by implication.

Other delegations, supported by the representatives of several non-governmental organizations, spoke in favor of retaining the reference to transit, which could provide the possibility of taking action in a country of transit against goods that were not considered counterfeit goods either in the country in which they had been manufactured or in the country to which they were being exported.

The Director General stated that the next draft, if there was one, would probably make it clear that seizure and possible other conservatory measures could be applied not only in the country in which the counterfeit goods or pirate copies had been manufactured or were being sold or otherwise exploited, but also in the country in which those goods were in transit, provided that, under the laws of the latter country, the goods would have been considered counterfeit or the copies would have been considered pirate copies had they been manufactured there (namely, in the country of transit). The person responsible for the transit would have to submit to such conservatory measures even if he did not know or would have no reason to know that the goods were counterfeit or the copies pirate copies; on the other hand, he would be liable for damages or to penalties only if he knew or should have known that the goods were counterfeit or the copies pirate copies.

With regard to Article A(3)(b), one delegation was of the opinion that the paragraph should cover not only the case of the affixing of a sign on goods or on their packaging, but also the case of the manufacture of the sign and of the packaging. That opinion was shared by the representative of one non-governmental organization, who wished to draw attention to the fact that the manufacture of a set of labels was in itself an act of counterfeiting, as labels could be sold individually. Another delegation also supported that view, but pointed out at the same time that one could regard the expression "any preparatory step towards such affixing" as including the manufacture of the sign and the packaging. In that connection it was noted that the manufacture of the packaging corresponded exactly to the expression "preparation of the packaging" which appeared in paragraph (3)(a)(i).

Some delegations wondered why the condition that the act be committed on a commercial scale, which appeared in the previous paragraphs, did not appear in paragraph (3)(b). The Secretariat replied that the affixing was unlikely to be done in any connection other than a commercial one, but that one could naturally consider introducing the commercial scale concept, which incidentally was a controversial point, in that paragraph also.

It was discussed whether, in the case contemplated in paragraph (3)(b), there existed an act of counterfeiting regardless of the goods on which the affixing of the sign occurred.

One delegation stated its opinion that identical or similar goods had to be involved; other delegations on the other hand considered that, in the case in point, protection should exist irrespective of the nature of the product.

It was pointed out that the principle of protection for identical or similar goods was correct, but that it was necessary to set aside the case of marks of high reputation. In that connection one delegation pointed out that the text

of paragraph (3)(b) should therefore be brought into line with that of the last five lines of paragraph (1)(i).

Conservatory Measures. Article B of the draft model provisions read as follows:

(1)(a) *At the request of the natural person or legal entity claiming to be injured or to be threatened to be injured by an act of counterfeiting or piracy (hereinafter referred to as "the requesting party"), any court or law enforcement authority shall, if it suspects that an act of counterfeiting or piracy has been committed or is likely to be committed, order or take the measures it deems necessary in order to:*

- (i) *prevent the committing or the continuation of the committing of acts of counterfeiting or piracy,*
- (ii) *secure evidence as to the nature, quantity, location, source and destination of the goods suspected to be counterfeit goods or of the copies suspected to be pirate copies, and/or as to the identity of the person suspected to have committed or to be likely to commit acts of counterfeiting or piracy.*

(b) *Any court or law enforcement authority may, if it suspects that an act of counterfeiting or piracy has been committed or is likely to be committed, order or take ex officio any of the measures referred to in subparagraph (a).*

(c) *Any of the measures referred to in subparagraph (a) shall be taken by a law enforcement authority either with the prior authorization of the court or subject to the court's subsequent ratification.*

(2) *The possible measures shall be, inter alia, the following:*

- (i) *seizure of the goods suspected to be counterfeit goods or of the copies suspected to be pirate copies,*
- (ii) *sealing of the premises where the goods suspected to be counterfeit goods or the copies suspected to be pirate copies are manufactured, packaged, stored or located, in transit, or where the said goods or copies are being offered for sale, rental, lending or other distribution, or where the manufacturing or packaging of the said goods or copies is being prepared,*
- (iii) *seizure of the tools that could be used to manufacture or package the goods suspected to be counterfeit goods or the copies suspected to be pirate copies, and of any document, accounts or business papers referring to the said goods or copies,*
- (iv) *ordering the termination of the manufacture, packaging, exportation, importation, transit, offering for sale, rental, lending or other distribution or the sale, rental, lending, other distribution or possession, with the intention of placing them on the market, of the goods suspected to be counterfeit goods or of the copies suspected to be pirate copies,*
- (v) *ordering disclosure of the source of the goods suspected to be counterfeit goods or of the copies suspected to be pirate copies, refusal to comply with such an order being subject to the payment of a fine.*

(3) *The court authorizing or ratifying the measure of the law enforcement authority must find that the acts committed or likely to be committed may reasonably be suspected of constituting acts of counterfeiting or of piracy.*

(4) *The court or the law enforcement authority shall cancel the measure if the requirement set forth in paragraph (3) is no longer fulfilled.*

(5) *The court or the law enforcement authority shall, where it deems it necessary, order that the requesting party post a bond.*

(6) *The court or the law enforcement authority may order or take the measure even without offering the person who may suffer prejudice as a consequence of the measure any opportunity to be heard before it is ordered or taken. Such an opportunity shall be offered as soon as practicable after the measure has been ordered or taken.*

(7) *Where the measure has been taken by a law enforcement authority and where no appeal has been lodged by the person who may suffer prejudice as a consequence of that measure, the requesting party must ask for the court's approval within a maximum period of [one month] [10 working days] from the date on which the measure was taken. If approval is not sought during the said period, or if it is refused by the court, the measure shall be cancelled by the authority that took it.*

(8) *If the court finds that there was no act of counterfeiting or of piracy, the requesting party shall be liable for the damages caused by the measure.*

The corresponding extract from the report reads as follows:

A number of delegations underlined the essential importance of the conservatory measures provided for in Article B. It was pointed out that these measures were indispensable in order to effectively suppress acts of counterfeiting and piracy.

Several delegations sought clarification on whether the conservatory measures contained in Article B were intended to be available in both civil and criminal proceedings. It was pointed out that the wording of some of the provisions of Article B would be inappropriate under the criminal law and procedure of certain countries; for example, the criminal procedure of certain national legal systems would only permit the use of conservatory measures in respect of crimes that had actually been committed, and not in respect of imminent criminal action. In certain legal systems, it would also be difficult to secure the sealing of premises (Article B(2)(ii)) in respect of criminal actions. In some countries there was also a privilege against self-incrimination which would render it difficult to enforce an order to secure evidence against an accused person (Article B(1)(a)(ii)). Likewise, it might be inappropriate to use the word "suspects" in respect of a court in a criminal proceeding (Article B(1)(a)), since a court acted on the basis of *prima facie* evidence, and it was the prosecuting party who suspected.

A number of delegations stated that some difficulties arose with respect to Article B as a result of the attempt to include in it provisions covering differing sorts of administrative and legal proceedings, such as civil actions, criminal prosecutions, and customs and other administrative proceedings. One delegation pointed out that this raised the fundamental question of what was sought to be achieved in Article B. On the one hand, the attempt to cover differing sorts of legal and administrative proceedings had the advantage of flexibility. On the other hand, this flexibility was gained at the expense of ambiguity in the interpretation of some of the provisions. Another delegation stated that Article B should be considered as listing all appropriate conservatory measures which should be available in the fight against counterfeiting and piracy,

and that the distribution of responsibilities for making orders with respect to, or taking, the measures in question between various agencies and organs of the State was best left for each State to decide.

One delegation and several representatives expressed the desire to have included in Article B a provision to safeguard the interests of an accused or a defendant, since the measures contained in Article B were properly harsh and effective but might implicate an innocent accused or defendant. It was pointed out that some measures directed at providing a balance in favor of an accused or a defendant were already contained in Article B(5), (6) and (8) and that further measures in this direction could be mentioned in a revised draft or in the relevant notes.

One delegation also stated that it was necessary to include a provision in Article B to ensure that the conservatory measures contained therein could not be used to block or obstruct international trade.

In respect of Article B(1)(a), several delegations and representatives of observer organizations sought clarification as to the meaning of the expression "the natural person or legal entity" who was entitled to request conservatory measures. In particular, it was pointed out that licensees, assignees, successors-in-title, associations of consumers, societies of authors, and so forth, all had legitimate reason to be included as parties entitled to request conservatory measures. It was stated that all those who drew their title legitimately from the original owner of the industrial property right in question, or who received the authority to represent such owner, were intended to be included within the expression "the natural person or legal entity claiming to be injured or to be threatened to be injured." However, it was not intended that this expression should extend to entitle a single consumer to request conservatory measures.

One delegation pointed out that the wording of Article B(1)(a) obligated a court to order or take the measures in question in certain circumstances, and that such an obligation on the part of a court was not in accordance with its national law, according to which such measures were left to the discretion of the court.

One representative suggested that the word "immediately" should be inserted in the opening paragraph of Article B(1)(a) before the words "order or take the measures" to emphasize the urgency with which conservatory measures needed to be taken.

One representative stated that a provision should be added in respect of Article B(1)(a)(ii) to indicate that evidence secured as a result of conservatory measures should be able to be exchanged with the appropriate authorities in another country in order to enable the injured party to effectively suppress the act of counterfeiting and piracy in question, since counterfeiting and piracy was often organized on an international basis. The same applied to the exchange of information among various authorities of a given country.

In respect of Article B(1)(b), a number of delegations drew attention to the impossibility in the national laws of their countries for a court to order or take measures *ex officio* in civil proceedings.

In respect of Article B(1)(c), a number of delegations and representatives stated that the word "court" should be replaced by the words "competent authority." In this respect, it was pointed out that the requirement of court authorization or ratification may, in many cases, be unnec-

essary, since the nature of the case may be such that an administrative agency would be empowered to grant the requisite authority or ratification.

Several delegations and representatives were in favor of removing the alternative of prior authorization by the court or competent authority for a law enforcement authority to take the conservatory measures referred to in Article B(1)(a). In this regard, it was pointed out that the requirement of prior authorization might delay the taking of effective action, and that the need for rapid measures was paramount to effectively fight counterfeiting and piracy.

It was also suggested by some delegations that, in addition to the removal of the requirement of prior authorization, there may be no need for subsequent ratification by a court. Rather, the interests of an accused or a defendant could be adequately safeguarded by the provision of a right of appeal.

In respect of Article B(2), one delegation stated that it should be made clear that the measures contained in this paragraph applied to goods or other relevant items in transit. Another delegation recalled its reservation with respect to the inclusion of the act of transit.

One representative suggested that a new subparagraph should be added to permit as a conservatory measure an order freezing the bank accounts and assets of the defendant within the jurisdiction in order to ensure that an eventual remedy in damages was not frustrated.

In respect of Article B(2)(i) one delegation emphasized the importance of seizure, stating that over 50% of all anti-counterfeiting and anti-piracy operations conducted in its country were solved by seizure. After the counterfeit goods or pirate copies had been seized, experience had shown that the parties to the dispute normally arrived at some understanding, without the necessity of further action.

It was pointed out by one delegation that the seizure of goods required court approval in the national laws of some countries.

It was suggested by the representative of an observer organization that forged labels and packaging ought also to be subject to seizure.

In respect of Article B(2)(ii), it was pointed out by one delegation that the provision should extend to the sealing of premises where goods or copies were sold, as well as to premises where goods or copies were being offered for sale.

One delegation stated that paragraph (2)(ii), as presently worded, was too harsh, and that the alternative of the sealing of part of the relevant premises should be provided, as well as the possibility of removing infringing goods or copies to a bonded storehouse.

In respect of Article B(2)(iii) one delegation and a number of representatives stated that the concept of "tools" should be enlarged to include all electronic, mechanical and other materials used to manufacture, produce, assemble or package goods or copies suspected of being counterfeit or pirate, so as to cover all of the stages involved in the acts of counterfeiting and piracy.

One delegation expressed concern at the seizure of tools which could be put to a legitimate use, and suggested that seizure should only apply to tools which had been specifically adapted for use in counterfeiting or piracy, or which had actually been used in counterfeiting or piracy. Another delegation considered such an approach to be too narrow, and that the present provision ought not to be limited.

In respect of Article B(2)(iv) one delegation suggested that provision should be added to empower a court to nominate a person or official to supervise the implementation of the order in question.

With regard to Article B(2)(v) several delegations and representatives stated that the provision on order of disclosure should be broadened to include disclosure of the channels of distribution of suspected goods or copies, as well as the quantity of suspected goods or copies manufactured or traded. It was pointed out that it was necessary to cut off the act of counterfeiting or piracy both upstream, at the source, and downstream, at the various commercial outlets.

Several representatives stated that the source of forged labels and packaging should also be subject to an order of disclosure.

One representative suggested that it should be made clear that information obtained pursuant to an order of disclosure should be available for exchange between the competent authorities of different countries in order to effectively fight counterfeiting and piracy involving international dimensions.

Some delegations expressed difficulty with the notion of a fine being imposed in respect of civil proceedings. Other delegations pointed out that the laws of their countries provided for the possibility of both fines and prison sentences in respect of disobedience of a court order in civil proceedings, since such disobedience would constitute contempt of court. A number of delegations and representatives of observer organizations, accordingly, favored the inclusion of the alternative of imprisonment or a fine for disobedience with the relevant order. Other delegations considered that the question of the appropriate penalty should be left to national laws, rather than enumerated.

A number of delegations considered that the order of disclosure should not be available in respect of criminal proceedings, since such an order would be incompatible with the privilege against self-incrimination. It was pointed out by another delegation, however, that the disclosure of the source of suspected goods or copies, and of their channels of distribution, might not necessarily be incriminating. It was stated that the interests of the defendant could be safeguarded by providing that information obtained through such an order could not be used against the defendant in any criminal proceedings.

With regard to Article B(3) it was pointed out by some delegations that, in conformity with the suggestion made in respect of Article B(1)(c), the word "court" should be replaced by the words "competent authority."

A number of delegations expressed concern at the use of the word "suspected" in the provision, and preferred the use of another expression, such as "presumed."

With regard to Article B(4), one delegation sought clarification as to the person on whose initiative a measure would be cancelled by a court or law enforcement authority. It was replied that anyone involved in the relevant proceedings would be able to request the cancellation of the measure in question.

With regard to Article B(5), it was suggested by several representatives that a cross-undertaking in damages should be available as an alternative to posting a bond.

It was pointed out that the quantum of the bond required should be reasonably related to the commercial value of the goods or copies subject to seizure.

Several delegations stated that the requirement of a bond should not be mandatory. It was pointed out that the use of the words "where it deems it necessary" seemed to remove any mandatory requirement of a bond.

With regard to Article B(6), a number of delegations emphasized the fundamental nature of the right of an accused party to be heard and stated that this right should not be lightly removed. On the other hand, one representative pointed out that *ex parte* proceedings, which contained an element of surprise, had proven to be very effective in some countries, and that measures were ordered following *ex parte* proceedings only when there was evidence that the accused or defendant was behaving dishonestly.

With regard to Article B(7), a number of delegations stated that they did not consider it necessary that a requesting party should be required to ask for the court's approval in respect of measures which had been taken. The interests of an accused or a defendant were adequately safeguarded by the possibility of appeal in respect of any measure ordered or taken, thus obviating the need for the requesting party to seek the court's approval.

One representative pointed out that the provision did not contain any time period in respect of the bringing of an appeal by a person who may suffer prejudice as a consequence of a measure taken. He stated that, if the provision in Article B(7) were retained, care should be taken to ensure that a requesting party need not seek the court's approval until after the expiration of any relevant period allowed for an appeal by a prejudiced party.

A number of delegations and representatives favored the specification of a short period (either seven or 10 working days) for the time during which a requesting party must ask for the court's approval of the conservatory measures taken.

One delegation stated that Article B(7) was not in conformity with its national law. When a law enforcement authority had taken a measure, the alleged infringer could, according to that national law, request the cancellation of this measure in a summary proceeding.

With regard to Article B(8), some delegations favored the replacement of the word "shall" by the word "may." In contrast, a number of other delegations considered that it was essential that a requesting party be liable for damages caused by any measure which had been taken. In this respect, one delegation stated that it was necessary to ensure that the provisions concerning conservatory measures could not be abused by a requesting party and that, therefore, a specific penalty should be provided against a requesting party in Article B(8) if it was found by a court that there had been no act of counterfeiting or of piracy and damages had been caused by the conservatory measure taken.

Civil Remedies. Article C of the draft model provisions read as follows:

(1) *The natural person or legal entity injured by an act of counterfeiting or of piracy (hereinafter referred to as "the injured party") shall be entitled to damages for the prejudice suffered by him or it as a consequence of the act of counterfeiting or piracy, as well as payment of his or its legal costs, including lawyer's fees. The amount of the damages shall be fixed taking into account the material and moral prejudice suffered by the injured party, as well as the profits earned as a result of the act of counterfeiting or piracy.*

(2) *Where the counterfeit goods or pirate copies exist, the court shall order the destruction of those goods or copies and of their packaging, unless the injured party requests otherwise. However, where the act of counterfeiting involves the violation of trademark rights, and no other rights, and where it concerns goods other than goods that may involve a risk to life, health or safety, the court may order measures other than destruction, provided that the trademark is removed from the goods or their packaging and that the person having committed the act of counterfeiting derives no benefit from the sale or other disposal of the goods.*

(3) *Where there is a danger that certain tools may, in the future, be used to continue acts of counterfeiting or piracy, the court shall order their destruction or their surrender to the injured party.*

(4) *Where there is a danger that any of the acts of counterfeiting or piracy may be continued, the court shall expressly order that such acts not be committed. Furthermore, the court shall fix the amount of the fine to be paid where the order is not respected.*

The corresponding extract from the report reads as follows:

It was suggested that it should be specifically mentioned that the remedies under Article C were non-exhaustive.

Several delegations and representatives supported the extension of the remedies set out in Article C to include an additional measure whereby the successful party in proceedings could request the court to order the publication of the judgment. It was pointed out that such a publication would reduce the detrimental impact of counterfeiting and piracy on the public, since the public would be informed of the fact that counterfeit goods and pirate copies had been in circulation. In addition, the publication would have serious implications for the reputation of the infringer, and would alert all concerned trade and business circles of the infringer's illicit activities. In this respect, it was also suggested that the order of publication should include provision for the judgment to be communicated to the local Chamber of Commerce. Publication would also constitute an effective measure of dissuasion and deterrence for other potential counterfeiters or pirates.

One delegation and one representative stated that the remedies available in Article C should also be extended to include an order requiring an infringer to provide information concerning the sources of supply and channels of distribution, as well as the quantity of goods or copies manufactured or traded. It was considered necessary that such an order of disclosure be available amongst the civil remedies in Article C, in addition to being available as a conservatory measure in Article B, since there may be cases where no conservatory measures were taken in respect of counterfeiting or piracy prior to the final action in court which led to the award of civil remedies.

One delegation and a number of representatives also suggested the inclusion of a further civil remedy directed at facilitating the establishment of proof, particularly in cases involving foreign rightholders and licensees. In these cases, the problem of proof of title often arose, and the requirement of bringing witnesses into the jurisdiction could be extremely onerous. The delegation urged that a number of options be considered in this respect. First, the introduction of presumptions of title, such as the presumptions of authorship contained in Article 15 of the Berne

Convention, could be considered. Secondly, legal presumptions of title, which shifted the burden of proving the absence of title to a defendant, could also be considered. Thirdly, it might be considered appropriate to include a provision whereby properly executed affidavits concerning authorship, title or the transfer of rights could be accepted in the place of live testimony, except in cases where it was proved by a defendant that the affidavits were false.

One delegation stated that it should be made clear in Articles B, C and D that the same procedures for determining acts of counterfeiting and piracy should be applied to both domestic and foreign acts in order to ensure that none of the measures could be used to discriminate against imports. Another delegation pointed out that customs procedures would not be applicable to wholly domestic acts; it therefore considered that the same standards, rather than procedures, should be applied for determining counterfeiting and piracy in respect of both domestic acts and acts involving foreign parties.

In reply to the general observations concerning Article C, the Director General stated that the next draft of the model provisions would take into account all of the new remedies which it was suggested to be included in order that the model provisions provide a pattern of legislation which might operate as the most effective deterrent to counterfeiting and piracy.

In respect of Article C(1), a number of different aspects of the calculation of damages for the prejudice suffered by an injured party were discussed.

The first aspect concerned the question of damages in respect of moral prejudice suffered by the injured party. Some delegations sought clarification as to the meaning of moral prejudice and indicated that, if moral prejudice were to be considered as relating to injury to authors' moral rights, they did not agree with its application to counterfeiting and piracy. Some representatives pointed out, however, that the term "moral prejudice" should be considered to include damage to the reputation of the injured party, and that such damage was extensive and grave in the case of counterfeiting and piracy. It was indicated, nevertheless, that the quantification of damages in this respect posed difficult questions.

The method of calculation of damages in general was discussed by many delegations and representatives. Several delegations favored the replacement of the words "as well as" in the second last line of the provision by the words "and/or." The intent of this modification would be to make it clear that the quantum of damages should not necessarily include both the loss suffered by the injured party and the profits gained by the infringer. Other delegations favored the possibility of a discretionary statement of the basis on which damages should be assessed by the court, preferring a method by which the court would take into account all material and moral damage caused by the act of counterfeiting or piracy, with consideration specifically being given to both the loss suffered by the injured party and the profits gained by the infringer.

It was also pointed out by some delegations that, if the act of counterfeiting or piracy were stopped in its early stages, the amount of damage suffered might be relatively small. In such circumstances, it was stated that exemplary damages should be imposed to remove the economic benefits to the infringer.

A number of delegations and representatives also expressed concern about the difficulty of proving itemized

damages. In this respect, attention was drawn to the distinction between counterfeiting and piracy, on the one hand, and infringement, on the other. Where counterfeiting or piracy had been established, it was suggested that the jurisdiction of the court should extend to imposing damages within a specified range without a requirement of proof of actual damage. The injured party should then have an option of either proving actual damage or accepting damages in a lesser sum without proof of actual damage.

Extensive discussion also took place concerning the inclusion of lawyer's fees to be paid by the infringer. Some delegations expressed concern about the possible lack of a limit to such fees, and suggested that the infringer should be required to pay such fees only when they were necessarily incurred by the injured party. On the other hand, many delegations pointed out that lawyer's fees were a necessary expense which an injured party had to assume in order to obtain redress against counterfeiting or piracy. They stated that it was, accordingly, entirely proper that lawyer's fees should be paid by the infringer.

Many delegations and representatives also stated that the expression "lawyer's fees" ought to be extended to require the payment by the infringer of other costs incurred by an injured party in obtaining redress against an infringer. In this regard, they cited the costs of investigating an act of counterfeiting or piracy, the cost of obtaining survey and other evidence, of obtaining advice by an industrial property counsel, of establishing proof of damage, of travel of the plaintiff or his lawyer or industrial property counsel and of transporting material witnesses for the purposes of litigation.

With regard to Article C(2), a number of delegations considered that the mandatory requirement that the court order the destruction of counterfeit goods or pirate copies and their packaging was too harsh. They pointed out that goods or copies may represent only partial infringements, and that consideration should be given to the possibility of disposing of goods or copies, rather than destroying them. In this respect, it was suggested that a discretion be vested in the court to decide on the appropriate measure.

Several other delegations, however, stated that the utmost care should be taken to ensure that no counterfeit goods or pirate copies, or the materials for making such counterfeit goods or pirate copies, be permitted to re-enter circulation. Accordingly, they favored either the mandatory destruction of counterfeit goods or pirate copies, or the disposal of such goods or copies in such a way as to ensure that the infringer could not receive any benefit from the goods or copies and that the goods or copies could not later be used again for the purposes of counterfeiting or piracy.

With regard to Article C(3), some delegations stated that the word "danger" in the first line of this provision might be too strong a requirement and favored its replacement with the word "possibility."

One delegation stated that it wished consideration to be given to the confiscation by the State of offending tools that might have another legitimate productive use. Several other delegations, however, considered that, where tools had been used in respect of counterfeiting or piracy, it should be mandatory that the court order their destruction.

In conformity with comments made in respect of the term "tools" in Article B(2)(iii), a number of delegations suggested that the word "tools" in Article C(3) be replaced

with the expression "all electronic, mechanical and other means used to manufacture, produce, assemble or package" counterfeit goods or pirate copies.

In respect of Article C(4), certain delegations expressed concern over the imposition of a fine in respect of civil proceedings. Other delegations pointed out that the fine would, in this provision, be imposed, not in respect of the civil proceedings, but in respect of the disobedience of a court order granted in the civil proceedings. The matter was, therefore, a question of contempt of court, and required a provision.

Some delegations favored a discretion on the part of the court to determine whether a fine or a prison sentence would be appropriate in respect of disobedience of an order under this provision.

Criminal Sanctions. Article D of the draft model provisions read as follows:

(1) Any act of counterfeiting or piracy shall constitute an offense. Any person who has committed such an act shall be punished:

Alternative A

- (i) *where the said act was committed with criminal intent, by the same punishment as that provided for theft,*
- (ii) *where the said act was committed without criminal intent, by a fine of ... to ..., the amount of the fine to be fixed by the court taking into account in particular the profits earned as a result of the act of counterfeiting or piracy.*

Alternative B

by imprisonment for a period of ... to ..., or by a fine of ... to ..., or by both, the amount of the fine to be fixed by the court taking into account in particular the profits earned as a result of the act of counterfeiting or piracy.

(2) The court shall, in the case of an act of counterfeiting, fix the punishment taking into account any risk to life, health or safety that the presence or the use of the counterfeit goods may cause.

(3) In the case of conviction, the upper limits of the penalties specified in paragraph (1) may be increased up to double where the defendant has been found guilty for an act of counterfeiting or piracy in the five years preceding the conviction.

(4) The court shall apply the remedies referred to in Article C(2) and (3) also in a criminal proceeding.

The corresponding extract from the report reads as follows:

In introducing Article D, the Secretariat stated that this Article—even more than the other Articles—could only provide guidelines for national laws and could probably not be enacted as such in any national laws, since provisions of criminal law usually took into account certain well-established national traditions, which considerably differed from country to country. The model provisions contained in Article D were only guidelines and were not exhaustive. On the other hand, certain parts of Article D (for example, paragraph (3) concerning cases of recidivism) might not require enactment in each country because they represented general principles which were contained in general provisions of criminal law.

The need for criminal sanctions in cases of counterfeiting and piracy was generally recognized. It was underlined that persons engaged in counterfeiting and piracy could be effectively deterred from such action only through severe criminal sanctions.

Several delegations requested that the commentary to the next draft state that criminal sanctions for patent counterfeiting be optional in the context of this model law. The reason for this request was that in cases of patent infringement complicated technical questions were at stake, such as the validity of a patent and the interpretation of the claims in order to define the scope of protection of a patent.

The great majority of the delegations who spoke on these questions expressed themselves in favor of Alternative B of paragraph (1), in particular because there should not be any criminal sanctions in case of counterfeiting and piracy without criminal intent. One delegation, however, stated that although negligent counterfeiting or piracy should be not punishable, criminal sanctions might nevertheless be provided for in cases of gross negligence.

Several delegations expressed the view that the comparison of counterfeiting and piracy with theft was not always appropriate. On the other hand, it was emphasized that, whenever an intellectual property right was infringed, there was a violation of property which usually was considered as a case of theft. The Secretariat explained that the reference to theft was not meant to be understood as an assimilation of the act of counterfeiting and piracy with theft, but was rather made for the purpose of indicating what kind of criminal sanctions should be provided for. In this connection, some delegations indicated that, in the national laws of their countries, counterfeiting and piracy were assimilated to crimes other than theft.

In connection with a question how to prove the intent of the accused infringer, reference was made to the practice under certain national laws to conclude from particular circumstances—for example, the fact that the accused infringer had counterfeit products and tools for their manufacture in his possession—that he must have acted intentionally; under such circumstances, the accused infringer would have to demonstrate his good faith.

It was underlined that the simultaneous application of two criminal sanctions, namely, imprisonment and a fine, was appropriate in many cases of counterfeiting and piracy. One delegation said this should be left to the criminal policy in a country.

Some delegations considered that profits earned should not be taken into account when fixing the amount of a fine.

With respect to paragraph (2), it was stated that acts of endangering health or safety might be punishable also under other criminal provisions, which in any case should remain applicable.

It was suggested to add among the criminal sanctions the publication of the criminal judgment.

One delegation stated that paragraph (3) was not in line with its national policy. There was a tendency to reduce in criminal law the provisions solely directed against recidivism. For the practice in concrete sanctioning this would not make any difference. In its national legislation a specific provision would be introduced with regard to infringements of intellectual property law (especially copyright law), which were committed professionally or commercially.

With respect to paragraph (4), one delegation indicated that the remedies referred to in Article C(2) and (3) could not automatically be transferred into the criminal law because of substantial differences in procedure in criminal and civil matters.

II. Future Work

In conclusion, the Director General stated that he would report to the September 1988 session of the Governing Bodies that, unless the Governing Bodies are of a different opinion, he would reconvene the Committee of Experts in 1989.

LIST OF PARTICIPANTS**

I. Member States

Afghanistan: A.M. Shoogufan. **Algeria:** A. Dahmouche. **Argentina:** D. Chuburu; A.G. Trombetta. **Australia:** G. Baker. **Austria:** G. Mayer-Dolliner. **Belgium:** D. Vanderghyest. **Brazil:** P.R. de Almeida; S. Ribeiro Maia. **Bulgaria:** O. Delev. **Burundi:** G. Muyovu. **Canada:** A.M. Troicuk; J.S. Gero. **China:** Liu Minxue; Liu Yuanying; Li Yuanmin. **Colombia:** A. Gamboa Alder. **Congo:** D. Ganga Bidie. **Côte d'Ivoire:** F.K. Ekra. **Cuba:** M. Jiménez Aday. **Democratic People's Republic of Korea:** Dok Hun Pak. **Denmark:** L. Østerborg; A.R. Jørgensen. **Egypt:** W.Z. Kamil; A. Fathalla. **Finland:** S.-L. Lahtinen; E.-L. Vilkkonen. **France:** M. Guerrini; J.-B. Mozziconacci; L.G. Fournier; H. Ladsous; J. Moinet; N. Renaudin. **Germany (Federal Republic of):** R. Lutz. **Honduras:** N. Valenzuela. **Hungary:** Gy. Pálos. **India:** A. Malhotra. **Ireland:** N. Galvin. **Israel:** A. Manusevitz. **Italy:** M.G. Fortini; I. Bertocchi. **Jamaica:** B.E. Pereira; R.A. Smith. **Japan:** T. Igarashi; Y. Oyama; Y. Ogawa; Y. Masuda; M. Kitani. **Mexico:** A. Fuchs. **Morocco:** A. Bendaoud. **Netherlands:** H.R. Furstner; J.M.H.D. Meyer-Van Der Aa; A.G.W.J. Verschure. **Norway:** B. Eidem. **Pakistan:** M. Aslam Khan. **Panama:** M. Saavedra. **Portugal:** J. Mota Maia. **Republic of Korea:** S.W. Rhee; M.-S. Ahn; T.-C. Choi. **Soviet Union:** S. Gorlenko. **Spain:** J. Gómez Montero. **Sweden:** K. Hökborg; A. Mörner; K. Sundström; A. Rodin. **Switzerland:** J.-D. Pasche. **Togo:** K.S. Tsogbe. **Tunisia:** Y. Mokaddem; H. Boufares. **Turkey:** A. Algan. **United Kingdom:** R.J. Walker; D. Hayes. **United Republic of Tanzania:** E.E.E. Mtango; K.J. Suedi. **United States of America:** R. Bowie; L.I. Flacks; L.E. Dembeck. **Uruguay:** R. Gonzales-Arenas. **Yemen:** M.S. Al-Qutaish. **Yugoslavia:** R. Tešić. **Zaire:** N.M. Mantuba; M. Mutambula.

II. Intergovernmental Organizations

International Labour Organization (ILO): C. Privat. **United Nations Educational, Scientific and Cultural Organization (UNESCO):** A. Garzon. **General Agreement of Tariffs and Trade (GATT):** A. Otten. **Commission of the European Communities (CEC):** S. Jessel; C. Bail. **Cnstmns Co-operation Council (CCC):** G. Farines. **Organization of African Unity (OAU):** M.H. Tunis. **International Criminal Police Organization (INTERPOL):** R. Codère.

** A list containing the titles and functions of the participants may be obtained from the International Bureau.

III. Non-Governmental Organizations

American Bar Association (ABA): A.S. Pilson. Asian Patent Attorneys Association (APAA): K. Muraki; F.I. Khan; C.K. Kwong. Brazilian Association of Industrial Property (ABPI): J.R. Gusmão. Bundesverband der Deutschen Industrie e.V. (BDI): F. Winter. Centre for International Industrial Property Studies (CEIPI): J.R. Gusmão. Committee Against Counterfeiting (COLC INTERNATIONAL): P. Aubert; F. Blum; M. Weil-Guthmann; C. Bossert. Committee of National Institutes of Patent Agents (CNIPA): T.L. Johnson. Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht (DVGR): R. Knaak. European Association of Industries of Branded Products (AIM): D. Carlisle; A. Worsdall. European Broadcasting Union (EBU): M. Burnett. European Communities Trademark Practitioners' Association (ECTA): M.J.M. van Kaam. European Council of Chemical Manufacturers' Federations (CEFIC): A.N. Caldwell. International Association for the Protection of Industrial Property (AIPPI): R. Knaak. International Bureau of Societies Administering the Rights of Mechanical Recording and Reproduction (BIEM): A. Vacher-Desvernais. International Chamber of Commerce (ICC): J.M.W. Buraas. International Confederation of Societies of Authors and Composers (CISAC): N. Ndiaye. International Copyright Society (INTERGU): V. Movsessian; W. Woelke. International Federation of Associations of Film Distributors (FIAD): G. Grégoire. International Federation of Film Producers Associations (FIAPF): A. Chaubeau; E. Greenspan. International Federation of Industrial Property Attorneys (FICPI): Y. Plasseraud. International Federation of Phonogram and Videogram Producers (IFPI): G. Davies; P. Crockford; E. Thompson; N. Turkewitz. International Federation of Translators (FIT): M. Wieser. International League for Competition

Law (LIDC): J. Guyet. International Publishers Association (IPA): J.-A. Koutchoumow. International Secretariat for Arts, Mass Media and Entertainment Trade Unions (ISETU-FIET): M. Mortelette. Licensing Executives Society (International) (LES): P. Hug. Max Planck Institute for Foreign and International Patent, Copyright and Competition Law: R. Knaak. The Chartered Institute of Patent Agents (CIPA): T.L. Johnson. Trade Marks, Patents and Designs Federation (TMPDF): R.M. Downey. Union of Industries of the European Community (UNICE): M.J.M. van Kaam.

IV. Officers

Chairman: L. Østerborg (Denmark). *Vice-Chairmen:* P.R. de Almeida (Brazil); Liu Minxue (China). *Secretaries:* L. Baeumer (WIPO); M. Ficsor (WIPO).

V. International Bureau of WIPO

A. Bogsch (*Director General*); A. Schäfers (*Deputy Director General*); L. Baeumer (*Director, Industrial Property Division*); M. Ficsor (*Director, Copyright Law Division*); F. Gurry (*Head, Industrial Property Law Section, Industrial Property Division*); P. Mangué (*Senior Counsellor, Industrial Property (Special Projects) Division*); J. Quashie-Idun (*Head, Developing Countries Section, Industrial Property Division*); B. Ibois (*Legal Officer, Industrial Property (Special Projects) Division*).

Studies

Enforcement of Intellectual Property Rights— A Review of the Current Situation in Japan from the Viewpoint of the Chemical and Pharmaceutical Industries

K. ONO*

Books and Articles

Book Reviews

Jogegységesítés a nemzetközi iparjogvédelem területén (Unification of Law in the Field of International Industrial Property), by Professor E. Lontai. Akadémiai Kiadó, Budapest, 1988. — 238 pages.

The author—who is professor at the Law Faculty of the Eötvös Loránd University (Budapest) and senior researcher at the Institute for Legal and Administrative Sciences of the Hungarian Academy of Sciences—offers a fairly comprehensive analysis of the present situation in the field of industrial property which, in certain respects, goes much further than the questions of unification (or rather—and more realistically—harmonization) of law.

In addition to an introduction (Chapter I), the book contains five chapters.

Chapter II—under the title “The International System of Industrial Property; the Paris Convention”—deals with the history, the basic principles, the main provisions and the administrative aspects of the Paris Convention and of the other international industrial property treaties. A separate subchapter is devoted to the history, structure and activities of WIPO.

Chapter III is of a more general nature. As its title (“Interests and Conflicts of Interests in the Field of Industrial Property”) indicates, it describes the various interests which have to be taken into account in the framework of the protection of industrial property (the special interests of creators, the conflicts of interests between competitors, between owners of rights and consumers, between private interests and the interests of society, between individual countries and regions) and presents the methods applied in the international treaties and national laws to settle the problems of conflicts of interests.

The title of Chapter IV is “Actual Trends in the Field of Industrial Property.” It covers, *inter alia*, the following subjects: conditions of eligibility for patent protection; inventions excluded from protection; protection of chemical products, microbiological inventions, varieties of plants and animals, and software; protection of trademarks and appellations of origin; conditions of patent protection; patent procedures; patents and inventors’ certificates; “small patents” (utility models); protection of know-how; contracts in the field of industrial property; industrial property arrangements in regional economic cooperation systems. At the end of the Chapter, the author makes an attempt to outline, on the basis of the preceding detailed analysis of various developments, certain general trends, such as what he calls an erosion of some traditional principles, the growing influence of the protection of consumers, the interrelation between industrial property protection and the protection of the environment, the promotion of innovations as an important element of economic policy.

Chapter V analyzes the chances of unification of the law of industrial property. The author stresses that, although direct unification of law is possible in certain fields, it is more appropriate to try to reach agreement on what he calls a functional unification of law, where the aim is to guarantee equal conditions to the partners on the basis of differing legal techniques corresponding to various legal approaches. He also recognizes that, in many respects, harmonization is a more realistic aim than total unification.

Chapter VI contains certain concrete proposals for the revision of the Hungarian legislation on industrial property.

News Items

CZECHOSLOVAKIA

*President,
Office for Inventions and Discoveries*

We have been informed that Mr. Ivan Wiszczor has been appointed President of the Office for Inventions and Discoveries.

PERU

Director of Industrial Property

We have been informed that Dr. Rómulo Alegre Valderrama has been appointed Director of Industrial Property.

TOGO

Director of Industry and Handicraft

We have been informed that Mr. Ayayo Ajavon has been appointed Director of Industry and Handicraft.

Calendar of Meetings

WIPO Meetings

(Not all WIPO meetings are listed. Dates are subject to possible change.)

1988

- September 26 to October 3 (Geneva) Governing Bodies of WIPO and of Some of the Unions Administered by WIPO (Nineteenth Series of Meetings)**
 The WIPO General Assembly will consider the establishment of an International Register of Audiovisual Works. The WIPO Coordination Committee and the Executive Committees of the Paris and Berne Unions will, *inter alia*, review and evaluate activities undertaken since July 1987 and prepare the draft agendas of the 1989 ordinary sessions of the WIPO General Assembly and the Assemblies of the Paris and Berne Unions.
Invitations: As members or observers (depending on the body), States members of WIPO, the Paris Union or the Berne Union and, as observers, certain organizations.
- October 24 to 28 (Geneva) Committee of Experts on Biotechnological Inventions and Industrial Property (Fourth Session)**
 The Committee will examine possible solutions concerning industrial property protection of biotechnological inventions.
Invitations: States members of WIPO or the United Nations and, as observers, certain organizations.
- November 7 to 22 (Geneva) Committee of Experts on Intellectual Property in Respect of Integrated Circuits (Fourth Session)**
 The Committee will examine a revised version of the draft Treaty on the Protection of Intellectual Property in Respect of Integrated Circuits and studies on the specific points identified by developing countries.
Invitations: States members of WIPO or the Paris Union and, as observers, other States members of the Berne Union, as well as intergovernmental and non-governmental organizations.
- November 7 to 22 (Geneva) Preparatory Meeting for the Diplomatic Conference on the Adoption of a Treaty on the Protection of Intellectual Property in Respect of Integrated Circuits**
 The Preparatory Meeting will decide what substantive documents should be submitted to the Diplomatic Conference—scheduled to be held in Washington in May 1989—and which States and organizations should be invited to the Diplomatic Conference. The Preparatory Meeting will establish draft Rules of Procedure of the Diplomatic Conference.
Invitations: States members of WIPO or the Paris Union and, as observers, intergovernmental organizations.
- December 5 to 9 (Geneva) Madrid Union: Preparatory Committee for the Diplomatic Conference for the Adoption of Protocols to the Madrid Agreement**
 This Committee will make preparations for the diplomatic conference scheduled for 1989 (establishment of the list of States and organizations to be invited, the draft agenda, the draft rules of procedure, etc.).
Invitations: States members of the Madrid Union and Denmark, Greece, Ireland and the United Kingdom.
- December 12 to 16 (Geneva) Committee of Experts on the Harmonization of Certain Provisions in Laws for the Protection of Inventions (Fifth Session; Second Part)**
 The Committee will continue to examine a draft treaty on the harmonization of certain provisions in laws for the protection of inventions.
Invitations: States members of the Paris Union and, as observers, States members of WIPO not members of the Paris Union and certain organizations.
- December 12 to 16 (Geneva) Executive Coordination Committee of the PCIPI (Permanent Committee on Industrial Property Information) (Third Session)**
 The Committee will review the progress made in carrying out tasks of the Permanent Program on Industrial Property Information for the 1988-89 biennium. It will consider the recommendations of the PCIPI Working Groups and review their mandates.
Invitations: States and organizations members of the Executive Coordination Committee and, as observers, certain organizations.

- December 19 (Geneva)** **Information Meeting for Non-Governmental Organizations on Intellectual Property**
 Participants in this informal meeting will be informed about the recent activities and future plans of WIPO in the fields of industrial property and copyright and their comments on the same will be invited and heard.
Invitations: International non-governmental organizations having observer status with WIPO.
- 1989**
- February 20 to March 3 (Geneva)** **Committee of Experts on Model Provisions for Legislations in the Field of Copyright (First Session)**
 The Committee will work out standards in the field of literary and artistic works for the purposes of national legislation on the basis of the Berne Convention for the Protection of Literary and Artistic Works.
Invitations: States members of the Berne Union or WIPO and, as observers, certain organizations.
- April 3 to 7 (Geneva)** **WIPO Permanent Committee for Development Cooperation Related to Copyright and Neighboring Rights (Eighth Session)**
 The Committee will review and evaluate the activities undertaken under the WIPO Permanent Program for Development Cooperation Related to Copyright and Neighboring Rights since the Committee's last session (March 1987) and make recommendations on the future orientation of the said Program.
Invitations: States members of the Committee and, as observers, States members of the United Nations not members of the Committee and certain organizations.
- May 1 to 5 (Geneva)** **WIPO Permanent Committee for Development Cooperation Related to Industrial Property (Thirteenth Session)**
 The Committee will review and evaluate the activities undertaken under the WIPO Permanent Program for Development Cooperation Related to Industrial Property since the Committee's last session (May 1988) and make recommendations on the future orientation of the said Program.
Invitations: States members of the Committee and, as observers, States members of the United Nations not members of the Committee and certain organizations.
- May 8 to 26 (Washington, D.C.)** **Diplomatic Conference for the Conclusion of a Treaty on the Protection of Intellectual Property in Respect of Integrated Circuits**
 The Diplomatic Conference will negotiate and adopt a Treaty on the protection of layout-designs of integrated circuits. The negotiations will be based on a draft Treaty prepared by the International Bureau. The Treaty is intended to provide for national treatment and to establish certain standards in respect of the protection of layout-designs of integrated circuits.
Invitations: States members of WIPO or the Paris Union and certain organizations.

UPOV Meetings

(Not all UPOV meetings are listed. Dates are subject to possible change.)

1988

- October 17 (Geneva)** **Consultative Committee (Thirty-eighth Session)**
 The Committee will prepare the twenty-second ordinary session of the Council.
Invitations: Member States of the Union.
- October 18 and 19 (Geneva)** **Council (Twenty-second Ordinary Session)**
 The Council will examine the accounts of the 1986-87 biennium, the reports on the activities of UPOV in 1987 and the first part of 1988 and specify certain details of the work for 1988 and 1989.
Invitations: Member States of UPOV and, as observers, certain non-member States and intergovernmental organizations.

Other Meetings Concerned with Industrial Property

1988

- October 4 to 7 (Strasbourg)** Center for the International Study of Industrial Property (CEIPI): Licensing and Technology Transfer Course (second module)

- November 7 to 11 (Buenos Aires) Inter-American Association of Industrial Property (ASIPI): Congress
- November 28 to December 2 (Strasbourg) Center for the International Study of Industrial Property (CEIPI): The European Patent—Seminar on Practical Aspects of Drafting Claims and Oppositions
- December 5 and 6 (Ithaca, New York) Cornell University, Department of Agricultural Economics: Animal Patent Conference (Consideration of Applicable United States and International Law, Technicalities of Deposit Requirements, Status of Animal Science Research into Potentially Patentable Animal Types, Anticipated Impact of Patents on Livestock Breeding Sector and Production Agriculture, and Perspectives of Farmers and Those Concerned About Ethical Issues Involved)
- December 5 to 9 (Munich) European Patent Organisation (EPO): Administrative Council

1989

- January 23 to 27 (Strasbourg) Center for the International Study of Industrial Property (CEIPI): The European Patent—Seminar on Legal Problems

