ADAPTATION OF THE COPYRIGHT LAWS OF COUNTRIES IN TRANSITION TO NEW TECHNOLOGIES; ACCESSION TO, AND IMPLEMENTATION OF, THE WIPO "INTERNET TREATIES"

Version One

Prepared by the Division for Certain Countries in Europe and Asia

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I. INTRODUCTION

1. The term “country in transition” is a shortened version of what Article 65.3 of the TRIPS Agreement refers to as any Member of the WTO “which is in the process of transformation from a centrally-planned into a market, free-enterprise economy and which is undertaking structural reform of its intellectual property system and facing special problems in the preparation and implementation of intellectual property laws and regulations.” Under this provision of the TRIPS Agreement, such Members of the WTO, similarly to developing countries, were allowed to benefit from a period of five years of delay concerning the obligation to apply the Agreement (as provided for in paragraphs 1 and 2 of the same article).

2. The five-year delay was to be counted from the date of the entry into force of the TRIPS Agreement; that is, from January 1, 1995. This delay was not extended for the “transition countries,” which seems to suggest that these countries were supposed to be more or less over the transition period prescribed in Article 65.3 of the TRIPS Agreement by 2000.

3. There are also ten countries to which the above-quoted description of “country in transition” certainly applied in the first half of the 1990s, but which, in the meantime, have become Member States of the European Union (EU). Due to their accession to the Union, they have had to transpose the EU norms on copyright, related rights, electronic commerce, data protection, competition, etc. into the national legislation. Now these countries participate in the various governing bodies of the Union. There seems to be good reason to consider that for them the “transition” period is over.

4. In addition to them, there are countries – those in negotiation to accede to the WTO and/or to the European Union and also others – that have made great progress in the “transition” process too, and that, therefore, may not consider themselves as belonging to the category of “countries in transition” anymore.

5. This paper does not intend to deal with the political, economic and social categorization of the countries that used to become known as “countries in transition” in the early 1990s. The expression “transition countries” covers all such countries in Central and Eastern Europe, the West Balkans, the Caucasus region and Central Asia (some of which emerged as independent states after the dissolution of the Soviet Union and Yugoslavia, respectively) irrespective of how they have gone through, or have progressed in, the transition process in the meantime, and whether or not they still truly correspond to the criteria of “countries in transition” as originally determined.

6. A special analysis of the way the national laws of these countries have been adopted to new technologies seems to be justified not only because, in the actual group structure of the WIPO Member States, they are still members of groups others than the group of traditional industrialized countries and the groups of developing countries, but also because the common features of their centrally-planned-economy past have led to typical problems and require specific solutions also in respect of this adaptation process.

7. The paper is based on a detailed analysis of the national laws of the countries concerned and consultations with government officials and the representatives of interested stake holders of selected countries in the various regions where these countries may be found. The purpose is not to point out in which of these countries the adaptation process seems to have been completed in a successful way and in which ones it still requires further efforts. The analysis offered and the suggestions made in this paper rather serve the objective of describing typical challenges and problems, and outlining solutions and best practices. This is the reason for which the paper does not specifically identify the countries where certain problems may exist, neither those which have applied commendable solutions.

8. The proposed solutions may not be equally needed for the countries in various stages of the transition process (or even being over it). The extension of the coverage of the paper to those countries which have more or less completed the process is considered useful exactly for the reasons that this may offer advice for those countries which are still faced with certain problems that have been duly solved elsewhere.

9. The paper, in general, does not include concrete draft provisions that might be used directly in national laws; it rather only describes the desirable elements of provisions. The International Bureau of WIPO, however, is ready to make available concrete draft provisions if so requested by any country concerned. In fact, the International Bureau of WIPO has prepared a complete model draft law containing provisions that seem to be necessary for a copyright law to be in accordance with the international norms, which, however, is not officially published. The reason is that, although it contains certain indispensable provisions as mentioned above, when it is to be fit into the legislation of a given country, it should be duly adapted to the legal and drafting traditions, and to the specific circumstances and requirements, of the country. It goes without saying that the International Bureau is at the disposal of the countries concerned also for the purpose of this kind of adaptation.

10. It is also to be noted that a number of countries covered by this paper are members of regional integration or cooperation the copyright norms of which bind them or at least serve as an orientation for their national legislation. Some other countries are obligated to approximate their national laws to such norms, or, although not directly obligated, take them into account as a source of inspiration. Such norms are included, for the EU Member States and other countries having contractual relationship with the EU, in the EU directives (in the so-called *acquis communautaire*; in particular, in the Information Society Directive[1]), and, for the States participating in the Commonwealth of Independent States (CIS), in the Model Law on Copyright and Related Rights adopted by the Interparliamentary Assembly of the CIS[2] (hereinafter: the CIS Model Law).

11. The subject matter of this paper is the accession to, and implementation of, the two so-called WIPO “Internet Treaties,” the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). After this introduction, the paper consists of two

[1] Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society.

[2] Adopted by the 26the plenary session of the Interparliamentary Assembly of the States participating in the C.I.S. by its decision (postanovleniye) No. 26-13 of November 18, 2005.

parts. The first one describes the main characteristic and the status of accession to the two Treaties; the second one deals in detail with the implementation of those provisions of the Treaties in the "transition countries" which were adopted in response to the challenges raised by digital technology and the Internet (on the basis of the so-called "digital agenda").

II. MAIN FEATURES OF THE WCT AND THE WPPT; STATUS OF RATIFICATION AND ACCESSION

A. General Characterization of the WCT and the WPPT

12. The two Treaties adopted in December 1996 include the most up-to-date international norms on copyright and on the rights of performers and producers of phonograms. They are not revisions of the Berne Convention and the Rome Convention, but rather "special agreements" (under Article 20 of the former and Article 22 of the latter).

13. The WCT contains the most up-to-date international copyright norms since, (i) in addition to the obligation to apply the substantive norms of the Berne Convention, (ii) it also includes – not by reference but by reproducing the relevant norms with some drafting changes – the substantive copyright norms of the TRIPS Agreement which may be considered clarification or extension of the protection granted by the Berne Convention; (iii) it provides for certain new provisions not necessarily related to the so-called "digital agenda" (in particular, those assimilating photographic works to other works regarding the term of protection); and (iv) it offers adequate responses to the challenges of digital technology and, in particular, of the Internet by clarifying the application of the existing norms of the Berne Convention, and by adapting copyright protection, where necessary, to the conditions and requirements of the digital environment.

14. The WPPT, in general, corresponds to the level of protection under the Rome Convention and the TRIPS Agreement; however (i) it does not extend to the rights of broadcasting organizations; (ii) as far as the rights of performers are concerned, it only extends to the aural aspects of performances and their fixations (on sound recordings); and (iii) it also contains plus elements in respect of those provisions which have been worked out on the basis of the so-called "digital agenda".

15. For the reasons mentioned above, for those countries that are party to the Berne Convention and the Rome Convention and/or to the TRIPS Agreement, the accession to, and implementation of, the two WIPO "Internet Treaties" do not represent any substantial legislative or economic burdens.

B. Status of Ratification of, and Accessions to, the Two Treaties

16. For the entry into force of each of the Treaties, the deposit of 30 instruments of ratification or accession was needed. Both entered into force in 2002; the WCT on March 6, while the WPPT on May 20. At the time of the completion of this paper (May 7, 2009), the WCT and the WPPT had 70 and 68 Contracting Parties, respectively.

17. The majority of the countries covered by this paper has ratified, or acceded to, the WCT and the WPPT. The situation, at the time of the completion of this paper, looks like as follows:

Central and Eastern European countries and the Baltic States that are also members of the EU: all of them are party to the Treaties, except Estonia; that is Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

Countries in the West-Balkans: all of them are party to the Treaties, except Bosnia and Herzegovina; that is, Albania, Croatia, Montenegro, Serbia and The former Yugoslav Republic of Macedonia.

New independent countries in Eastern Europe that used to be republics of the former Soviet Union: Belarus, Moldova, the Russian Federation and Ukraine are party.

Countries of the Caucasus region: all the three countries are party to the Treaties: Armenia, Azerbaijan and Georgia.

Central Asian countries: Three of the five countries are party: Kazakhstan, Kyrgyzstan and Tajikistan (however, the latter only to the WCT); the other two – Turkmenistan and Uzbekistan – are not party yet.

18. To sum up: of the 28 countries covered by this paper, 24 are party to the WCT and 23are party to the WPPT; and only four of them have not made yet concrete steps to accede to the Treaties. Adherence to the Treaties is in the interest of all countries that would like to participate in, and benefit from, the cooperation of the international community concerning the global information infrastructure. It is hoped, therefore, that the remaining four countries will also join soon the other countries party to the WCT and the WPPT.

19. It is to be noted that the countries that are Members States of the European Union have transposed the EU. Information Society Directive the main objective of which was the implementation of the two Treaties.

III. IMPLEMENTATION OF THE KEY PROVISIONS OF THE WCT AND THE WPPT ADOPTED FOR THE PURPOSE OF ADAPTATION OF COPYRIGHT AND RELATED RIGHTS TO THE DIGITAL, NETWORK ENVIRONMENT

A. The Concept and Application of the Right of Reproduction in tThe Digital Environment

20. Introductory remarks. The first item of the "digital agenda" was the application of the right of reproduction in the new environment. During the preparatory work and at the Diplomatic Conference, it was clarified – partly by adoption of "agreed statements" concerning the provisions of the two Treaties on the right of reproduction[3] – that acts of both permanent and temporary storage in electronic memories qualify as reproduction, and also that, in respect of the numerous transient reproductions taking place during digital transmissions (which are technologically indispensable but, from the viewpoint of the exploitation of works and objects of related rights, irrelevant), exceptions are possible and desirable.

21. Typical problems in national laws of "transition countries." In the copyright laws of the majority of the countries covered by this paper, there are provisions that include such clarification. The main problems that exist in certain other national laws are as follows:

(i) missing references to temporary reproduction and/or to storage in electronic (computer) memories;
(ii) the exclusion of certain acts of temporary copies from the concept of reproduction (instead of providing for exceptions in appropriate cases);
(iii) referring to fixation "in material form" as an element of the concept of "reproduction;"
(iv) differing concepts of reproduction in respect of copyright and of related rights.

22. In respect of the first problem mentioned above, it is to be noted that it is not sufficient to clarify only one aspect – either that not only permanent but also temporary copies are covered, or that storage of works and objects of related rights in electronic memories is also reproduction. If only the first element is clarified – the coverage of temporary copies – it may not be clear in what context it may be relevant. It may create even more dangerous misunderstanding if reference is made only to storage in electronic memories without also clarifying that temporary reproduction (storage) is also covered. The danger consists in a possible interpretation that storage only means including protected materials in electronic memories on a more permanent basis.

23. From the viewpoint of the second problem mentioned above, the following considerations should be taken into account. Article 9(2) of the Berne Convention (to be complied with by the Contracting Parties by virtue of Article 1(4) of the WCT) concerning copyright, and Article 7 and 11 of the WPPT concerning the rights of performers and producers of phonograms, provide that the owners of rights must be granted an exclusive right to authorize (or prohibit, of course) the reproduction of their works, performances and phonograms, respectively "in any manner or form." It would be in conflict with these provisions to provide that certain acts of reproduction

[3] Article 1(4) of the WCT which prescribes compliance with Article 9 of the Berne Convention and Articles 7 and 11 of the WPPT.

are not recognized as reproduction on any basis whatsoever, including on the basis of the duration of the copies made. Any new status of a work or object of related rights, including the way it is included in an electronic memory, is a copy – as a result of an act of reproduction – if on the basis thereof the work or object of related rights may be perceived, communicated or further copied. This does not depend on the duration of such status.

23. The meaning of the expression "material form" is unclear; that is the reason for which its use in the definition of "reproduction" is mentioned as the third potential problem. It is unclear since, although at the level of philosophical and physical theories, the status of works and objects of related rights in the form of the storage of electronic signals may also be regarded as a material form, experience shows that, in practice, it may be easily understood (or misunderstood) to only cover copies in tangible form. Therefore, it should not be included in the definition of "reproduction."

24. There are several national laws in which it is, at least, unclear whether the same concept of reproduction is applicable equally to the various objects of protection: works, fixations of performances, phonograms and fixations of broadcasts. This problem, referred to above as the fourth one, may emerge for two typical reasons. The first one is that the definition of "reproduction" only refers to some of the objects of protection and not to others (in spite of the fact that there are usually provisions in the laws also on the right of reproduction concerning those other objects of rights). The second reason is that there is no general definition and, although in the provision on the right of reproduction of authors, there may be an appropriate description of the acts covered, there is no such description (or, what is even worse, there are differing descriptions) in the provisions on this right concerning related rights. Serious *a contrario* interpretation problems may emerge as a consequence of this kind of inconsistency.

25. Suggested legislative solutions. The structure of national laws of the various "transition countries" differs in the sense that, in some of them, at the beginning, there is a list of definitions of certain basic concepts, while in others definitions are rare, and when they are still indispensable, they are included in the substantive provisions to which they relate.

26. In national laws containing general definitions, it is suggested that this kind of definition (a definition containing all these elements) should be included:

> "'reproduction' is making of one or more copies of a work, the fixation of a performance, a phonogram, or the fixation of a broadcast, directly or indirectly, in any manner or form, including any permanent or temporary storage in electronic form;"
>
> In countries where, on the basis of the concept of copies – due to specific terms used in the given language – this may not be clear, it should be clarified what follows from Article 9(3) of the Berne Convention; namely that sound or visual recording of a work is also reproduction.

27. In the case of national laws that do not contain general definitions, it would hardly be possible (or at least, from the viewpoint of drafting aesthetics, it would be hardly acceptable) to repeat this long description in all the provisions on the right of reproduction of the various categories of owners of rights. In order to avoid this, a possible solution may be to include the

entire description in the provision (let us call it Article X(y)) on the right of reproduction of authors, and then, in the provisions on the rights of related rights owners, only speak about an exclusive right of reproduction "as determined in Article X(y)."

28. Regarding exceptions concerning certain acts of temporary reproduction see the title "Application of exceptions and limitations in the digital network environment," below.

B. The Right of (Interactive) Making Available to the Public and the Right of Distribution

29. Introductory remarks. The second major issue of the "digital agenda" was the question of which right or rights may be applied for the interactive digital transmissions themselves. In order to present the nature of the right of "making available to the public" which has emerged as a solution and the possible misunderstandings and other problems in connection with its application in national laws, it seems necessary to review the preparatory work of the two Treaties from this viewpoint; in particular the emergence and adoption of the "umbrella solution" serving as a basis for this right.

30. The "umbrella solution." In the course of the preparatory work of the WCT and the WPPT, there was agreement that the inclusion of works and objects of related rights in, and their transmission through, the Internet and in similar possible future networks should be subject to an exclusive right of authorization of authors. There was also quite a general wish to try to apply existing norms to this new phenomenon (since, on the basis of such norms, established practices had emerged, long-term contractual relations had been based, and so on).

31. When the existing rights were considered for the application of interactive transmissions, it had to be seen that digital interactive transmissions blurred the borderline between the two traditional – and clearly separated – groups of rights: copy-related rights and non-copy-related rights.[4]

32. Two major trends emerged: (i) trying to base the solution on the right of distribution; and (ii) preferring some general communication to the public right. It was not merely on some theoretical basis that this or that country favored this or that solution. The positions depended on the existing national laws (which rights, for whom, and to what extent, existed), on the practices established, the positions obtained on the basis of those laws, and, as a consequence, on the related national interests involved.

[4] *Copy-related rights* (such as the right of distribution, the right of rental or the right of public lending (where recognized)) cover acts by means of which copies are made available to the public; typically for "deferred" use, since the act of making available and the perception (studying, watching, listening to) of the signs, images and sounds in which a work is expressed or a sound recording (that is, the actual "use") by the members of the public differ in time. *Non-copy-related rights* (such as the right of public performance, the right of broadcasting, the right of communication to the public by wire), on the other hand, cover acts through which works or objects of related rights are made available for direct – that is not "deferred"– use (perceiving, studying, watching, listening to) by the members of the public.

33. If became clear that, in order to apply either of the "candidate rights" for interactive making available of works and other protected materials, certain clarifications was needed. There were also some gaps in the coverage of those rights in the Berne Convention and their regulation was quite incomplete under the Rome Convention (and the TRIPS Agreement). However, for a long while, the biggest problem was that it seemed difficult for the various countries to select only one of the two basic "candidate rights" without allowing any alternative choice for national legislation.

34. In view of these problems, a compromise solution was worked out by the International Bureau of WIPO which contained the following elements: (i) the act of interactive transmission should be described in a neutral way, free from specific legal characterization (as making available a work to the public by wire or by wireless means, for access by members of the public); (ii) the description should not be technology-specific and, at the same time, it should express the interactive nature of digital transmissions in the sense that it should go along with a clarification that a work or an object of related right is considered to be made available "to the public" also when the members of the public may access it at a time and at a place freely chosen by them; (iii) in respect of the legal characterization of the exclusive right – that is, in respect of the actual choice of the right or rights to be applied – sufficient freedom should be left to national legislation; and, (iv) the gaps in the Berne Convention in the coverage of the relevant rights the right of communication to the public and the right of distribution – should be eliminated. This was referred to as the "umbrella solution," and it was adopted by the 1996 Diplomatic Conference as a basis for the provisions concerning interactive transmissions.

35. Differing application of the "umbrella solution" in the two Treaties. In the WCT (see its Article 8), the "umbrella solution" is applied in a specific way. Since the countries preferring the right of communication to the public as a general option seemed to be more numerous, the Treaty, first, extends the applicability of the right of communication to the public to all categories of works, and then clarifies that that right also covers transmissions in interactive systems described in a legal-characterization-free manner: "including the making available to the public of [….] works in such a way that members of the public may access [them] from a place and at a time individually chosen by them." As a second step, however, when this provision was discussed in Main Committee I, it was stated – and no delegation opposed the statement – that Contracting Parties are free to implement the obligation to grant exclusive right to authorize such "making available to the public" also through the application of a right other than the right of communication to the public or through the combination of different rights as long as the acts of such "making available" are fully covered by an exclusive right (with appropriate exceptions).[5] By the "other" right, of course, first of all, the right of distribution was meant, but a general right of making available to the public might also be such an "other" right.

[5] *See* Records of the 1996 Geneva conference, p 675, paragraph 301.

36. This understanding concerning the flexibility of the "umbrella solution," corresponded to the principle of "relative freedom of legal characterization of acts" to be covered by certain rights under the international copyright norms.[6] (It is important to underline, however, that the acceptability of the differing legal characterizations of acts depends on whether or not the obligations to grant a minimum level of protection, in respect of the acts concerned, are duly respected.

37. The WCT has also eliminated the gaps in the Berne Convention regarding the right of distribution Article 6(1) of the WCT provides for an exclusive right to authorize the making available to the public of originals and copies of works through sale or other transfer of ownership, that is, an exclusive right of distribution. The agreed statement added to Articles 6 and 7 (on the rights of distribution and rental) – according to which "as used in these Articles, the expressions 'copies' and 'original and copies' being subject to the right of distribution and the right of rental under the said Articles, refer exclusively to fixed copies that can be put into circulation as tangible objects" – does not contradict the applicability of the right of distribution for digital, interactive transmissions in the framework of the "umbrella solution." The agreed statement only indicates the minimum level of protection, namely, that the minimum obligation is to grant a right of distribution in respect of the making available of tangible copies; there is, however, no obstacle under the WCT to extend the application of a right beyond the minimum level prescribed therein (in this context, to also extend the right of distribution to distribution through reproduction through transmission and to apply this broader right of distribution on the basis of the "umbrella solution").

38. While Article 8 of the WCT requires the recognition of an exclusive right for communication to the public (in the broader meaning applied there), Article 15 of the WPPT only provides for a right of producers of phonograms and performers to a single remuneration for broadcasting and other "traditional" forms of communication to the public, and it also allows – by means of reservations – limiting this right to certain uses or in some other way, or not applying Article 15 at all. (This results in more or less the same kind of right to remuneration as that provided for in Articles 12 and 16.1(a) of the Rome Convention).

39. Since, in the case of interactive transmissions, the recognition of an exclusive right was indispensable, the application of the same solution as in Article 8 of the WCT was impossible in the WPPT context. The two rights – differing in respect of the level of minimum obligations – had to be separated in Article 10 and 14, on the one hand, and in Article 15, on the other. Articles 10 and 14 provide explicitly for an exclusive right of (interactive) making available for performers (in respect of their performances fixed on phonograms) and producers of phonograms. It goes without saying that the flexibility of legal characterization of this exclusive right also exists under the WPPT.

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[6] For example, in certain countries the right of public performance covers not only those acts which are referred to in the provisions of the Berne Convention as public performances of works, but also the right of broadcasting and the right of communication to the public which, under the Berne Convention, are separate rights. In other countries, the right of communication to the public is a general right covering all of the three categories of rights mentioned. Still in other countries, it is the right of broadcasting which also covers communication to the public by wire. With the "umbrella solution," the differing legal characterisation may involve crossing the border of copy-related rights and non-copy-related rights, but this is just the consequence of the fact that, with digital interactive transmissions, for the first time, hybrid acts have emerged.

40. Implementation of the right of making available in "transition countries," main problems. In the majority of the national laws of the countries covered by this paper, there are provisions to apply the right of making available to the public. Nevertheless, there are some others where this is not the case, or where the right is provided for certain categories of rights owners but is not granted to other categories (mainly to owners of related rights).

41. In the national laws which contain provisions on this right, the problems of incompatibility with the two Treaties, in general, relate to the delimitation of acts of (non-interactive) communication to the public (in the form of broadcasting and communication to the public), on the one hand, and (interactive) making available to the public.

42. This is a problem – as a minimum, this raises the risk of serious misunderstandings – since, as mentioned above, not the same international norms apply to the various acts involved. For example, in the case of non-interactive transmission by wireless means (= broadcasting), certain limitations may be applied on the basis of Article 11bis(2) of the Berne Convention which allows "determining conditions" for the exercise of the exclusive right (such as compulsory licensing, limitation of the exclusive right to a right to remuneration, mandatory collective management), while Article 8 of the WCT does not provide for the possibility of determining such conditions. In the case of the rights of performers and producers of phonograms, the difference is even more important, since, as mentioned above, regarding non-interactive communication to the public, Article 15 of the WPPT only provides for a single right to remuneration (in respect of which also reservations may be made), while concerning interactive making available to the public, under Articles 10 and 14 of the Treaty, exclusive right of authorization must be granted (without the possibility of reservation).

43. *Suggested legislative solutions* in national laws where there are general definitions, it would be extremely difficult to define the "communication to the public" in a way that it cover the different concepts under the WCT and the WPPT. This is so since the definition also should reflect that, in the case of a performance fixed on a phonogram and of a phonogram, the presentation (making audible) of the phonogram to the public (an act similar to, but covered by different rights than regarding, the public performance of a work fixed on a phonogram by means of a device) is also covered by the concept of "communication to the public" under Article 2(g) of the WPPT.

44. A complete and precise definition would have to read as follows:

> "'communication to the public' means the transmission by wire or without wire of a work, a performance, a phonogram or a broadcast in such a way that it can be perceived by persons others than the members of the same family and its closest social acquaintances at a place or places so distant from the place where the transmission originates that, without the transmission, the work, performance, phonogram or broadcast would not be perceivable; in respect of a work, it also means its making available in such a way that members of the public may access it from a place and at a time individually chosen by them; and, in respect of a performance fixed on a phonogram and of a phonogram, it also means the making of the phonogram audible to the public in a manner other than by transmission;"

45. It is submitted that, although such a definition would be complete and precise, it would be very difficult to work with it in practice. Furthermore, due to its extreme complexity, it may lead to some misunderstanding and misrepresentation.

46. In case of the application of the broadest possible concept of "communication to the public," the relevant provisions would also be quite complex also in those national laws which do not include general definitions.

47. Therefore, the national laws of those "transition countries" seem to apply the best solution which separates the concepts of (non-interactive) communication to the public and (interactive) making available to the public also in the respect of copyright.

48. In national laws containing general definitions, this would require two separate definitions; one about "communication to the public," and another one about "making available to the public" or "interactive making available to the public." (It is to be noted that, although the adjective "interactive" does not appear in the text of the two Treaties or of the Information Society Directive, its use may be useful in order to draw attention to the specific aspect of such acts).

49. The definitions may read as follows:

> "'communication to the public' means the transmission by wire or without wire of a work, a performance, a phonogram or a broadcast in such a way that it can be perceived by persons others than the members of the same family and its closest social acquaintances at a place or places so distant from the place where the transmission originates that, without the transmission, the work, performance, phonogram or broadcast would not be perceivable; in respect of a performance fixed on a phonogram and of a phonogram, it also means the making of the phonogram audible to the public in a manner other than by transmission;"
>
> "'interactive making available to the public' means the making available of a work, the fixation of a performance, a phonogram or the fixation of a broadcast in such a way that members of the public may access it from a place and at a time individually chosen by them;"

50. Then, in such laws, the relevant provisions may simply provide (i) in the case of copyright, for exclusive rights of communication to the public and interactive making available to the public, and (ii) in the case of related rights, for an exclusive right of interactive making available to the public and, as regards communication to the public of performances fixed on phonograms and producers of phonograms, for a right to a single equitable remuneration (as foreseen in Article 15 of the WPPT).

51. Experience of the various "transition countries" indicates that this separation of non-interactive and interactive acts is helpful from the viewpoint of legal clarity and better understanding by the users and the general public, and – as a result – also from the viewpoint of a more efficient application and enforcement of these rights.

52. The above-mentioned definitions and provisions are suggested for national laws using general definitions. In national laws which do not use such definitions, the solution mentioned in paragraph 28, above, may be applied *mutatis mutandis*.

53. The application of the right of distribution; the question of territorial effect of exhaustion of right; implied right of importation. As part of the application of the above-described "umbrella solution," the WCT (in its Article 6) and the WPPT (in its Articles 8 and 12) also provide for a right of distribution of copies of works, fixed performances and phonograms. As various WIPO documents and publications have pointed it out, this only means the explicit recognition of a right of first distribution (first putting into circulation of copies) that implicitly follows as a kind of corollary from the right of reproduction.

54. The recognition of such a right – exactly for the reason that it implicitly follows from the right of reproduction – does not create any legislative or economic burden; and the national laws of countries covered by this paper, in general, provide for such a right for authors and owners of related rights. The real issue is requiring legal-political consideration is rather the question of the exhaustion of this right.

55. As a rule, the right of distribution is exhausted with the first sale of the copies concerned. The important issue whether the exhaustion has international effect or only territorial effect. If a national law provides for international exhaustion (that is, if the exhaustion applies irrespective of where in the world the copies concerned have been sold), it means that the law allows "parallel import" without the need for any authorization by the owners of rights. In contrast, where a national law applies the principle of territorial exhaustion, it means that the right of distribution is only exhausted if the copies are sold in the given territory ("territory" means usually the territory of the country concerned, but it may also mean the internal market of a community of countries to which the country belongs).

56. The above-mentioned articles of the two Treaties leave it to the Contracting Parties what kind of exhaustion rules, if any, they apply. The EU directives provide for community-level territorial effect of the exhaustion of the right of distribution. This means that, if a copy is sold in any Member State, the owner of rights loses his right of distribution in respect of resale of the copy in any Member State. At the same time, the owner of rights may exercise his right to authorize or prohibit the importation of copies from a country outside the Union.

57. The "transition-countries" (or rather ex "transition-countries") that are EU Member States have to include into their national laws provisions which are in accordance with the directives. The countries that are considering the possibility of accession to the EU or are already in negotiations with this objective – as also those countries which, on the basis of bilateral contracts with the EU, are supposed to "approximate" their national laws to the *acquis communautaire* – can, of course, hardly provide for community-level exhaustion in their territories, since they are not parts yet of the internal market. However, for these countries, it is advisable to provide for territorial exhaustion (for the time being, concerning their own territory), since it may be more easily adapted in case of subsequent accession to the EU than the principle of international exhaustion.

58. It is to be noted that territorial exhaustion of the right of distribution implies that the owners of right have a right of authorizing importation of copies into the territory concerned. The national laws of some of the countries covered by this paper also expressly provide for such a right in parallel with the provisions on territorial exhaustion. Since such a provision may make the legal situation even clearer, it may be advisable to provide for a *right of importation*. It should be equally noted that, where a right of importation is granted, it necessarily means territorial exhaustion of the right of distribution. This close connection is clearly indicated, for example, in the provisions of Article 16 the CIS Model Law Under paragraph (2), exclusive rights are granted both for the distribution and importation of copies, and paragraph (4) provides for territorial exhaustion of the distribution right.

C. Application of exceptions and limitations in the digital environment

59. Introductory remarks. The third key issue of the "digital agenda" was how to apply the exceptions to, and limitations of, copyright and related rights in the digital environment. There are different kinds of exceptions and limitations. This paper mainly concentrate on the basic conditions of their application as provided in the "three-step test" and on those exceptions and limitations that are particularly relevant from the viewpoint of the adaptation of the national laws of "transition countries" to the digital, network environment.

60. The WCT and the WPPT on limitations and exceptions; the extension of the application of the "three-step test." An agreed statement was adopted concerning Article 10 of the WCT on limitations and exceptions, which reads as follows: "It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital networked environment. It is also understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention." This agreed statement is applicable, *mutatis mutandis*, also concerning Article 16 of the WPPT on limitations and exceptions.

61. This agreed statement requires appropriate interpretation. Both Article 10 of the WCT and Article 16 of the WPPT prescribe the application of the same test as a condition for the introduction of any limitation on or exception to the rights granted by the Treaty as what is provided in Article 9(2) of the Berne Convention concerning the right of reproduction and in Article 13 of the TRIPS Agreement concerning any rights in literary and artistic works. Thus, any limitation or exception may only be introduced (i) in a special case; (ii) if it does not conflict with a normal exploitation of the works, performances or phonograms, respectively; and (iii) if it does not unreasonably prejudice the legitimate interests of the owners of rights.

62. The application of this "three-step test" to the rights of performers and producers of phonograms is of particular importance, since it means that the out-of-date provisions of Article 15(1) of the Rome Convention – which, for example, grant full discretion to the Contracting Parties to exempt personal use from related rights – have been rejected.

63. Article 10(2) of the WCT, similarly to Article 13 of the TRIPS Agreement, extends the application of the "three-step test" to all economic rights provided in the Berne Convention, while Article 16(1) of the WPPT provides that Contracting Parties may introduce "the same kinds of limitations and exceptions with regard to the protection of performers and producers of phonograms as they provide for, in their national legislation, in connection with the protection of copyright in literary and artistic works. Then Article 16(2) of the WPPT prescribes the application of the test to any exception to and limitations of rights under the Treaty.

64. The WIPO study on the "Implications of the TRIPS Agreement on Treaties Administered by WIPO" refers to the fact that "[t]he Berne Convention contains a similar provision concerning the exclusive right of reproduction (Article 9(2)) and a number of exceptions or limitations to the same and other exclusive rights (see Articles 10, 10*bis* and 14*bis*(2)(b)) and, it permits the replacement of the exclusive right of broadcasting, and the exclusive right of recording of musical works, by non-voluntary licenses (see Articles 11*bis*(2) and 13(1))." After this, it states the following: "None of the limitations and exceptions permitted by the Berne Convention should, if correctly applied, conflict with the normal exploitation of the work and none of them should, if correctly applied, prejudice unreasonably the legitimate interests of the right holder. Thus, generally and normally, there is no conflict between the Berne Convention and the TRIPS Agreement as far as exceptions and limitations to the exclusive rights are concerned."[7]

65. As indicated in that analysis, the application of the "three-step test" for the specific limitations and exceptions allowed by the Berne Convention is an interpretation tool: it guarantees the appropriate interpretation and application of those limitations and exceptions.

66. On the basis of this analysis, it is clear that what the above-quoted agreed statement refers to – namely the carrying forward and appropriate extension into the digital environment of limitations and exceptions "which have been considered acceptable under the Berne Convention"– cannot be an automatic and mechanical exercise; it is subject to the application of the "three-step test." The conditions of normal exploitation of works are different in the digital network environment from the conditions in a traditional, analog environment, and the cases where unreasonable prejudice may emerge to the legitimate interests of owners of rights may also differ. Thus, the applicability and the extent of the "existing" limitations and exceptions should be reviewed when they are "carried forward" to the digital environment, and they may only be maintained if – and only to the extent that – they still may pass the "three-step test."

67. The "three-step test" in the national laws of the "transition countries." There are several countries covered by this paper where the national laws include, at least, the second and third conditions ("steps") of the "three-step test" to be applied in respect of the exceptions and limitations provided by the law.

68. The important role of the test as an interpretation tool as analyzed above makes it worthwhile considering that the national laws of all the "transition countries" provide for the application of at least these two conditions of any exception or limitation (that is, an exception

[7] WIPO publication No. 464, 1996, pp. 22-23.

and limitation must only be allowed if it does not conflict with a normal exploitation of the works and objects of related rights concerned, and if it does not unreasonably prejudice the legitimate interests of the owners of rights). The application of these conditions seems particularly desirable under the conditions of rapid technological and social developments.

69. The reason, for which, the third (but in the order, the first) condition of the "three-step test" (namely, that an exception must be limited to certain special cases) is relatively rarely included in national laws along with the above-mentioned other two conditions may be found in the position of the legislative bodies that they should have the opportunity to determine such special cases. However, the rapid technological and social developments may also have an impact from the viewpoint of the question of which cases may be regarded truly special. Therefore, also the inclusion of the entire "three-step test" may be regarded as justified; although such legislative solution is relatively rare.

70. Specific exceptions and limitations; private copying. Although the "three-step test" may serve as a guarantee for appropriate application of the specific exceptions and limitations provided in national laws of "transition countries," it is also important that the provisions on such exceptions and limitations themselves contain appropriate conditions to guarantee due accordance with the test. This also applies to such important exceptions and limitations as those provided for the purpose of education, library services, public information or use for people living with disabilities. However, it is particularly important to emphasize this in respect of exceptions and limitations for private copying, since their regulation and application raise a number of questions in view of the relevant provisions of the national laws of "transition countries."

71. As a basis of the problems of the regulation of the issues of private copying, there is a belief – also spreading in "transition countries" – that private copying is free and that there is a "right" of everybody to make a copy of any work or other protected material. This belief is, of course, wrong. There is no "right to free private copy." Reproduction for private purposes is also subject to the "three-step test."

72. This means that such copying is only allowed in special cases and not in general (no more general case – rather than special – might be imagined than one free copy of all kinds of works and other protected materials without any limitation for each member of the huge and still quickly growing Internet population).

73. No private copying is allowed if it would be in conflict with a normal exploitation of works; thus, for example, no "private copying" of works of architecture is allowed, and, in the case of computer programs, it is only permitted in certain well-determined cases (see, for example, Articles 5 and 6 of the 1991 Computer Programs Directive[8] and Article 21 of the CIS Model Law).

74. Furthermore, if widespread private copying unreasonably prejudices the legitimate interests of owners of rights, but it is possible, at least, to reduce the prejudice to a reasonable level through the application of a right to remuneration (usually in the form of so-called "levies"), it is

[8] Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs.

an obligation to do so, as provided for in Article 5(2)(b) of the Information Society Directive. This provision of the Directive includes the conditions that this limitation of the right of reproduction may only be applied if the reproduction is made by a natural person for private use and if it does not serve either directly or indirectly commercial ends.

75. The Directive also offers a good example for how the relationship between private copying and the application of technological protection measures may be regulated. Article 5(2)(b) provides that the application or non-application of technological protection measures should be taken into account from the viewpoint of the "fair compensation" (= right to remuneration) for private copying.

76. The above-referred regulation of the issue of private copying may serve as an adequate basis for the provisions on private copying. However, in view of the experience of the countries covered by this paper, and in order to avoid certain typical misunderstandings in "transition countries," it is necessary to include the clarification that it is not sufficient that the natural person make the copy for private use in general; it is also a condition that only his private use and at maximum the use of his own closest private circle (the members of his family and his closest social acquaintances) may be involved. Furthermore, for the same reasons, it is necessary to exclude the application of any exception or limitation for private copying (i) from illegal sources Of course, no private copying should be permitted either from illegal sources (by those who know, or under the circumstances have reasons to know, that illegal source is involved); and (ii) during public performance of audiovisual works (since this kind of "camcoding piracy" is a major source of off-line and on-line piracy of newly released films).

77. Exception for certain acts of temporary reproduction. Finally, reference should be made to a specific exception to the right of reproduction; namely the one to be applied in respect of certain acts of temporary reproduction.

78. The Information Society Directive contains the best-known example for such a provision. First, Article 2 of the Directive provides that "Member States shall provide for the exclusive right to authorize or prohibit direct or indirect, *temporary* or permanent reproduction by any means and in any form. in whole or in part" [emphasis added] of authors and owners of related rights. Then, Article 5(1) if the Directives (also subject to the "three-step test" under Article 5(5) as any other exceptions and limitations) contains the following provisions:

> "Temporary acts of reproduction referred to in Article 2, which are transient or incidental [and] an integral and essential part of a technological process and whose sole purpose is to enable:
>
> (a) a transmission in a network between third parties by an intermediary, or
> (b) a lawful use
>
> of a work or other subject-matter to be made, and which have no independent economic significance, shall be exempted from the reproduction right provided for in Article 2."

79. The application of this exception is not optional in contrast with the other exceptions and limitations provided for in paragraphs (2) to (4) of the same article; it is mandatory for the Member States of the European Union. It is also advisable to be applied in countries that are in negotiation about the accession to the Union, or that are obligated to "approximate" there legislation to the *acquis communautaire*. However, provisions may be applied for the regulation of the issues of temporary copies also in other "transition countries." For example, Article 19(2) of the CIS Model Law contains provisions on exceptions to the right of reproduction which, in substance, cover the same kinds of acts as the above-mentioned provisions of the EU Directive.

81. It is to be noted that these provisions do not exempt temporary copies in general from the right of reproduction. There may be other cases of temporary reproduction that may involve normal exploitation of the works and objects of related rights concerned, and thus they must not be exempted from the application of the right of reproduction.[9]

D. Technological Protection Measures; Rights Management Information

80. Introductory remarks. The last important issue of the "digital agenda" concerned the application and protection of technological measures (such as encryption systems) and rights management information (such as digital identifiers). The national laws of certain "transition countries" reflect that the regulation of theses issues, and particularly the issues of technological protection measures, have created a number of complex problems. Therefore, in this respect, detailed analysis seems necessary concerning the interpretation and application of the relevant provisions of the WCT and the WPPT.

81. The provisions of the two Treaties. The two Treaties do not include any provision on the question of what kinds of such measures and information should or may be applied. What they only do is that they oblige the Contracting Parties to provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by owners of rights in connection with the exercise of their rights and that restricts acts, in respect of their works or objects of related rights, which are not authorized by the owners of rights concerned or permitted by law (Article 11 of the WCT and Article 17 of the WPPT), and against those who, knowing, or with respect to civil remedies having reasonable grounds to know that their acts induce, enable, facilitate or conceal an infringement, remove or alter electronic rights management information without authority or use, without authority, works or objects of related rights or copies thereof knowing that such information has been removed or altered without authority (Article 12 of the WCT and Article 18 of the WPPT).

[9] For example, under one of the interpretations of the concept of temporary reproduction, one may speak about such reproduction when a computer is switched on and a copy appears in the random-access memory which then disappears when the computer is switched off. It is not difficult to recognize that if, for example, in a company such temporary copies of a computer program obtained from illegal source are included in a number of terminals to be used during an entire day, and then the same process is repeated on other days, this is obviously a form of normal exploitation of the work concerned.

82. The interpretation and application of the provisions on rights management information have not lead to any difficulties, since what is involved is protection against certain kinds of fraudulent acts and since the provisions of the two Treaties are very detailed in this respect. At the same time, the application of the provisions on technological protection measures has raised a number of complex issues. Therefore, in the following paragraphs, mainly those issues are discussed.

83. Article 11 of the WCT and Article 17 of the WPPT only differs concerning the objects of protection in respect of which the technological measures may be applied. The two provisions combined together read as follows:

> "Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by [authors] [performers or producers of phonograms] in connection with the exercise of their rights under this Treaty and that restricts acts, in respect of their [works] [performances or phonograms], which are not authorized by [the authors] [the performers or the producers of phonograms] concerned or permitted by law."

84. Some of the elements of this provision seem to be self-evident. Certain of them, however, require specific interpretation in order that they may be applied in national legislation appropriately. These are discussed in the following paragraphs:

85. "effective technological measures." Technological protection measures to prevent unauthorized access to or use of works protected by copyright and/or related rights may take many forms, and they are constantly developing as a result of technological advancements and the need for newer and newer adaptations thereof in response to the repeated attempts by "hackers" and "crackers" to break them and produce means to circumvent them. Also due to this, it would not seem worthwhile trying to offer a substantive description of the different technological protection measures that are available and applied at present. This does not seem necessary also because it is quite well known what kinds of measures are involved. Some are familiar, like "scrambling" of cable television signals in order to limit access to paid subscribers; others are more complex, like encryption of works or inclusion thereof into a tamper-resistant "software envelope" when transmitted through the global information network, or the inscription of electronic watermarks in digital material to prevent its unauthorized copying (and at the same time to trace such reproductions).

86. It, however, requires interpretation what the condition means that a technological measure, in order to be protected, must be "effective." It is submitted that it cannot be construed as meaning that, if it is possible to be circumvented, it may not be regarded "effective." Such interpretation would be absurd since the objective of the provisions of the Treaties is exactly guaranteeing protection against acts of circumvention, which, therefore, "by definition," are presumed to be possible also in case of an "effective" technological measure.

87. The Information Society Directive contains two definitions which are relevant here. Article 6.3 of the Directive, first, defines "technological measures," and, then, the concept of effectiveness:

> For the purposes of this Directive, the expression "technological measures" means any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts, in respect of works or other subject-matter, which are not authorized by the right holder of any copyright or any right related to copyright as provided for by law or the *sui generis* right [for database makers] provided for in Chapter III of Directive 96/9/EC. Technological measures shall be deemed "effective" where the use of a protected work or other subject-matter is controlled by the right holders through application of an access control or protection process, such as encryption, scrambling or other transformation of the work or other subject-matter or a copy control mechanism, which achieves the protection objective.

88. It is believed that the second sentence of this provision cannot be interpreted in a way that the condition "which achieves the protection objective" requires that the technological measures be infallible. As discussed above, this would be an absurd requirement and would not be in harmony with an appropriate interpretation of Article 11 of the WCT. It is obvious that the phrase included in the first sentence of the paragraph – "in the normal course of its operation" – should be taken into account also in the context of "effectiveness."

89. The definitions of the adjective "effective" have been used to clarify something that would have been sufficiently clear under Article 11 of the WCT and Article 17 of the WPPT even without them.[10] All what is stated in the above-quoted definitions could have been deduced from the text of the provisions of the Treaties even if they had only used the expression "technological measures" in the context of Article 11 (for example, even without this adjective, the condition of "ordinary operation" could have been deduced, since any contrary interpretation would have been quite absurd).

90. "<u>that restricts acts, in respect of their works/performances/phonograms</u>." Technological measures may restrict acts, in respect of works and objects of related rights, in various possible manners. There are, however – at least, under the present technology – two basic forms of restricting (making conditional) acts: first, restricting access to works and objects of related rights; and, second, restricting the carrying out of certain acts in respect of works. The obligations under the provisions of the Treaties cover both of these basic forms, and, national and regional legislation so far adopted to implement the Treaties seems to reflect this recognition.

91. "which are not authorized by the authors concerned or permitted by law." In the context of the provisions, it seems to be obvious – since the word "acts" appears in plural before this last part of the provisions and the phrase "in respect of their [works] [performances] [phonograms] inserted within commas also relates to that word – that what are not authorized under this text are the acts restricted by authors (other owners of copyright and owners of related rights) in connection with the exercise of their rights under the Treaties.

[10] This recognition seems to be reflected in the C.I.S Model Law which, in the definition of technological measures" (in Article 4) does not contain a separate definition of "effectiveness."

92. It seems to be equally obvious what this phrase means if it is read as "which are not authorized by the authors/performers/producers of phonograms concerned." The very purpose of the application of technological measures by the owners of rights concerned is that only those acts may be carried out which they authorize.

93. The phrase, however, requires interpretation if it is read in the other aspect: "which are not… permitted by law." First, it should be noted that a national law is not allowed to permit any act separately in this context. The law of any Contracting Party may only permit any act if such permission – in the form of exceptions or limitations – is allowed under the Treaty concerned. Second, this phrase seems to indicate that no obligation exists under Article 11 of the WCT and Article 17 of the WPPT to provide "adequate legal protection and effective remedies" against acts of circumvention that concern acts permitted by law in the sense just mentioned.

94. "circumvention." There are many forms for the acts of circumvention – destroying, breaking, neutralizing, etc. – technological protection measures: "hacking" through decryption, "cracking" software envelopes, tempering with digital watermarks, etc. The expression is technology neutral and covers all the different forms. The Information Society Directive does not contain specific definition on "circumvention." Certainly it has been found sufficiently clear what acts of circumvention may be meant.

95. "Preparatory acts." It should be taken into account that, in general, acts of circumvention of technical protection measures are carried out by individuals in private homes or in offices, where enforcement of rights would be very difficult, of not impossible, inter alia, due to privacy considerations. Thus, if a national law only covers such acts, it may prove to be unable to provide adequate legal protection and effective legal remedies against them; in spite of the treaty obligations, in general, they would continue being uncontrolled.

96. It is, however, still possible to provide such protection and remedies. Considering the complexity of the technologies involved, in most cases, such acts may only take place after the acquisition of the necessary circumvention device or service. This acquisition takes place outside the private sphere in the special market place of these devices and services. Thus, the possible way of providing the protection and remedies in harmony with the obligations is to stop the unauthorized acts of circumvention by cutting the supply line of illicit circumvention devices and services in prohibiting the manufacture, importation and distribution of such devices and the offering of such services.

97. Therefore, to ensure that Contracting Parties may only fulfill their obligations under the Treaties, it is advisable to provide the required protection and remedies:

- against both unauthorized acts of circumvention and the so-called 'preparatory activities' rendering such acts possible (that is against the manufacture, importation and distribution of circumvention tools and the offering services for circumvention);

- against all such acts in respect of both technological measures used for ‘access control’ and those used for the control of exercise of rights, such as ‘copy-control’ devices;[11]

- in respect of circumvention devices, not only against those devices whose only – sole – purpose is circumvention but also against those which are primarily designed and produced for such purposes, which only have limited commercially significant objective or use other than circumvention, or about which its is obvious that they are meant for circumvention since they are marketed (advertized, etc,) as such.

- also in respect of circumvention devices, not only against a given device which is of the nature described in the preceding paragraph but also against individual components or built in special functions that correspond to the criteria mentioned in the preceding paragraph.

98. These elements have been incorporated in relevant implementations the Internet treaties, such as in the provisions of Article 6(1) and (2) of the Information Society (and also in the provisions of Article 46(1) of the CIS Model Law which only differ in certain wording aspects):

> “1. Member States shall provide adequate legal protection against the circumvention of any effective technological measures, which the person concerned carries out in the knowledge, or with reasonable grounds to know, that he or she is pursuing that objective.
>
> “2. Member States shall provide adequate legal protection against the manufacture, import, distribution, sale, rental, advertisement for sale or rental, or possession for commercial purposes of devices, products or components or the provision of services which:
>
> (a) are promoted, advertised or marketed for the purpose of circumvention of, or
>
> (b) have only a limited commercially significant purpose or use other than to circumvent, or
>
> (c) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of,
>
> any effective technological measures.”

[11] The provisions of the national laws of the countries reviewed for the preparation of this paper, in general, correspond to this, which is in accordance with the relevant provisions of EU Information Society Directive and the C.I.S. Model Law referred to in paragraph 101, below It is to be noted, however, that, in other regions, certain countries having implemented of the Internet Treaties do not prohibit circumvention of technological measures used for controlling the exercise of rights, such as copy control, on the understanding that any circumvention leading to the unauthorized activity (such as copying) would in itself amount to copyright infringement. Nevertheless, the national laws of such countries usually prohibit preparatory activities in regard to technological measures that control the exercise of rights.

99. Remedies. Much depends on the specific traditions and principles of the legal systems of the "transition countries" concerning the question of in which way they may guarantee "effective legal remedies." However, it seems obvious that, in general, civil remedies are indispensable (provided in a way that any injured party may invoke them). Furthermore, criminal penalties are also needed since the manufacture, importation and distribution of illicit circumvention devices is a kind of piratical activity. Due to this nature of the so-called "preparatory acts' it seems also justified to extend to them those kinds of provisional measures and border measures which are provided for in Articles 50 to 60 of the TRIPS Agreement.

100. As regards legal remedies, both the CIS Model Law and the EU Information Society Directive only include general framework-type provisions since the way such remedies may be provided depends to a great extent on the relevant civil, criminal, etc., legislation of the Member States. Article 46(1) of the C.I.S Model Law only provides that those who violate the prohibition of the above-mentioned acts concerning technological measures have the same liability for legal consequences "as if" they committed infringements of copyright or related rights, while Article 8 of the Directive contains guidelines-type provisions extending not only to violations of the provisions on technological protection measures (and rights management information) but, in general, to any "infringements of the rights and obligations set out in this Directive." In paragraph 2 of the Article there is a specific reference to the obligation to take measures necessary, "where appropriate," "for the seizure if infringing material as well as of devices, products or components referred to in Article 6(2) [emphasis added; Article 6(2), as quoted above, contains provisions on 'preparatory acts' for circumvention of technological protection measures]. Article 8 reads as follows:

> "1. Member States shall provide appropriate sanctions and remedies in respect of infringements of the rights and obligations set out in this Directive and shall take all the measures necessary to ensure that those sanctions and remedies are applied. The sanctions thus provided for shall be effective, proportionate and dissuasive.
>
> "2. Each Member State shall take the measures necessary to ensure that right holders whose interests are affected by an infringing activity carried out on its territory can bring an action for damages and/or apply for an injunction and, where appropriate, for the seizure of infringing material as well as of devices, products or components referred to in Article 6(2).
>
> "3. Member States shall ensure that right holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right."

101. Typical problems in the national laws of "transition countries" concerning the protection of technological measures. Those countries covered by this paper which are members of the European Union have had to include the above-mentioned provisions into their national laws. Nevertheless, it appears that not all those countries have transposed these norms in all aspects in the most consistent way. In the national laws of other "transition countries," in particular in the laws of those which have not acceded yet to the WCT and the WPPT, there are, however, even more fundamental problems.

102. Some of the shortcomings may be listed in the following way:

(i) no provisions on technological protection measures and/or rights management information;
(ii) provisions providing circumvention but no provisions in respect of "preparatory acts;"
(iii) only rudimentary provisions on "preparatory acts;"
(iv) definition of "effectiveness" in a way that it may lead to lack of clarity and undermine adequate protection;
(v) absence of clarity in respect of the relationship between prohibited acts concerning technological measures, on the one hand, and infringements of copyright and related rights, on the other hand;
(vi) lack of appropriate provisions on remedies and sanctions.

103. Suggested legislative solutions. As indicated above, the above-quoted provisions of Article 6(1) and (2) of the Information Directive and Article 46(1) of the C.I.S may be an adequate basis for providing for prohibitions of the acts of circumvention and "preparatory acts," although other legislative models may also be taken into account.

104. The definition of "effective technological measures" in Article 6(3) of the Information Society Directive may also be used as a model. However, it is advisable to take into account the analysis offered in paragraphs 91 and 92 above.

105. There is a need for clear provisions prohibiting the acts of circumvention and the "preparatory acts," and on remedies and sanctions to be applied against such acts. In this context, two sets of provisions seem to be necessary: one on the prohibition of the acts mentioned above and another one on the remedies and sanctions to be applied in case of violations of the prohibitions.

106. Several national laws reviewed for this paper contain different sets of provisions on remedies and sanctions for infringements of copyright and related rights, on the one hand, and for unauthorized acts of circumvention and "preparatory acts," on the other hand. There are also national copyright laws which simply provide that, for the violations of the prohibitions concerning technological measures, the same provisions apply as for infringements of copyright and related rights. In respect of certain remedies, this may offer sufficient guidance for courts and other law enforcement authorities. However, in certain aspects – for example, where criminal sanctions are applied (for a consistent application of the *nullum crimen sine lege* principle) – more detailed provisions may be needed.

107. The civil remedies and administrative and criminal sanctions should be sufficiently serious in order to act as deterrents against unauthorized circumvention of technological measures, especially against those who commit "preparatory acts" on a commercial scale. It is also advisable to provide for the seizure, confiscation and destruction of unauthorized devices (those which are defined in Article 6(2) of the Information Society Directive and Article 46(1) of the CIS Model Law).

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