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Tenth Session of the Committee of the Universal Convention as revised in 1971 Paris 27-30 June 1995

COMITÉ INTERGOUVERNEMENTAL DU DROIT D'AUTEUR
Dixième session du Comité de la Convention universelle révisée en 1971 Paris 27-30 juin 1995

COMITÉ INTERGUBERNAMENTAL DE DERECHO DE AUTOR
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WAYS AND MEANS TO FIGHT THE PIRACY OF INTELLECTUAL WORKS IN THE LIGHT OF RESOLUTION N° 4.4.2 ADOPTED BY THE EXECUTIVE BOARD OF UNESCO AT ITS 144TH SESSION (25 APRIL TO 5 MAY 1994)

1. At the 144th session of the Executive Board of UNESCO (April-May 1994) one delegation, supported by a number of delegations representing both developed and developing countries, suggested that UNESCO should explore possible action to combat the 'piracy' of intellectual works. They stressed the fact that 'piracy', i.e. the illicit use of works of art, literature and science was becoming increasingly dangerous and, as a very complex phenomenon of considerable scope, was seriously undermining not only creativity but also the smooth functioning of the cultural industries throughout the world.

2. At the end of the discussion on this proposal, the Executive Board adopted decision 4.4.2 inviting the Director-General "... to study possible forms of activity by the Organization to combat piracy in the field of copyright and neighboring rights, including the preparation of a recommendation to Member States and plan of action, and to report thereon to the 145th session of the Executive Board."

3. In accordance with this decision, the Secretariat prepared a report on the matter which was submitted by the Director-General for consideration by the Executive Board at its 145th session (document 145 EX/19). The report suggested that Member States of UNESCO should be guided in the elaboration of various ways and means to combat piracy. Such guidance could be provided by a UNESCO recommendation on the subject to its Member States. According to the Organization's Rules of Procedure, the preliminary draft of such an instrument could be elaborated by the Secretariat to be submitted for comments to Member States and international organizations concerned and eventually be revised in the

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light of these comments and submitted for consideration by a committee of governmental experts. The final draft, as approved at the intergovernmental level, could be submitted for adoption by the General Conference of UNESCO.

4. Having considered the above proposal at its 145th session, the Executive Board invited the Director-General of UNESCO "to seek co-operation with the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO) and to work with them in undertaking a study on forms of action that could be taken by the Organization to combat piracy of intellectual works." (Decision 5.5.3).

5. Within the framework of the possible measures and forms of action which the Executive Board and the General Conference of UNESCO might propose to the Member States for a continuous fight against the detrimental effects which the piracy of intellectual works imposes on cultural life as a whole, in all countries, the Intergovernmental Committee is invited to comment on the study presented by Mr Denis de Freitas and revised in this context (the study has already been published in UNESCO's Copyright Bulletin, volume XXVI, No. 3, 1992) and to formulate proposals with regard to the priority of action which the Organization should accord to this matter.

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PIRACY OF INTELLECTUAL PROPERTY AND THE MEASURES NEEDED TO COUNTER IT*

INTRODUCTORY

1. There is a tendency in the minds of the public to regard the subject of copyright as a specialist and esoteric branch of law concerned exclusively with a small sector of society, i.e. authors, composers, artists, performers, and their business partners - the publishers, the record companies and the producers of films, radio and television programmed and video recordings. This is, however, a complete misconception. The copyright system as it now exists in virtually every civilized country is a vital part of modern society's infrastructure, serving the entire community.

2. It is the foundation on which the world's publishing industry rests, bringing the written or recorded word, carrying knowledge, ideas, understanding and entertainment to every literate person, young or old, in the community. On it depend the vast national and international networks of distribution and supply which service each country's educational institutions at all levels; the orderly acquisition and transfer of rights which take place within the copyright system are indispensable to the entire media - newspapers, journals, radio and television; and, of course, the whole world of entertainment - theatres, concerts, films, record production, broadcasting, depend upon a regular supply of literary, dramatic, musical and artistic works, the creation and dissemination of which is stimulated and regulated by the copyright system. Moreover, with the extension of the system to the protection of computer software, much of the industrial and commercial activity of a country involves the use of rights protected by copyright.

3. Until recently no one had any real idea of what the economic dimensions of the copyright industries were; but in the last two decades, in several countries, independent surveys have been carried out which have produced some quite remarkable statistics. For example, in the United Kingdom a study commissioned by the Common Law Institute of

* This document has been prepared by Mr Denis de Freitas, lawyer and consultant on intellectual property to the International Federation of the Phonographic Industry (IFPI).

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Intellectual Property in 1985¹ estimated that the contribution of the copyright industries to the United Kingdom economy was £6 billion in gross value added terms, or £15 billion in turnover and employed well over half a million people. The copyright industries contributed 2.9 per cent of the country's gross domestic product which was greater than the motor car manufacturing industry. Similar studies, reaching similar conclusions, have been carried out in other countries notably Australia² Canada³, Netherlands⁴, New Zealand⁵, Sweden⁶, and the United States of America. The latest of these - the United States Study - published in October 1993⁷ concluded that the copyright industries contribute 5.6 per cent of the United States GNP and employ more than 5.4 million people (about 4.8 per cent of the United States workforce). The dimensions of the copyright industries are manifestly large, and their ramifications are woven intricately into the fabric of today's society. Any serious malfunction of the intellectual property system, or any significant erosion of the rights upon which it is based, must therefore correspondingly affect society as a whole.

NATURE OF PIRACY

4. Piracy, in the context of intellectual property, is not a term of art; broadly speaking it means the reproduction, for the purpose of seeking a profit, of the property of the copyright-owner without his permission. To some persons the term 'piracy' may have a slightly romantic connotation conjuring up visions of swashbuckling Caribbean buccaneers; but there is nothing romantic nor swashbuckling about the pirates of intellectual property; they are criminals, usually operating on a large and organized scale, engaged in the theft of the products of other peoples' talent, skills and investment.

¹ Jennifer Phillips, *The Economic Importance of Copyright*, London, Common Law Institute of Intellectual Property, 1985.

² *Copyright - An Economic Perspective*, Sydney, Australian Copyright Council, 1987.

³ A.A. Keyes and C. Brunet, *Copyright in Canada: Proposals for a Revision of the Law*, Ottawa, Consumer and Corporate Affairs Canada, 1977, 269 pp.

⁴ *The Economic Importance of Copyrighting the Netherlands*, Amsterdam, Stichting Auteursrechtbelangen; Reports 1989-1993.

⁵ Adolf Stroombergen, *The Economic Contribution of Copyright-based Industries in New Zealand*, Wellington, Business and Economic Research Ltd, 1989.

⁶ *The Impact of Copyright Law on the Economy*, Stockholm, Swedish Central Bureau of Statistics, 1982,

⁷ Stephen E. Siwek and Harold W. Furchtgoot-Roth, *Copyright Industries in the United States, the International Intellectual Property Alliance (IIPA), 1990 and Copyright Industries in the United States Economy: 1993 Perspective*, IIPA, 1993.

5. It is a regrettable fact that the scale of piracy around the world today is very considerable. In a survey published in 1986 it was estimated that in the year 1984/85 the book-publishing industry in the United Kingdom lost over £70 million as a result of piracy of literary works in eight selected countries. Annual surveys of losses resulting from worldwide piracy have been carried out in the United States of America for some years. The latest - in respect of 1992- estimates that losses due to piracy of United States books in 65 countries totalled US\$550 million. In the field of music, from statistics collected by the International Federation of the Phonographic Industry (IFPI), the organization which represents the worldwide record industry, it is estimated that in 1992, 680 million pirated cassettes and 38 million compact discs were sold around the world, valued at US\$2.10 billion⁸.

6. One obvious implication of these statistics is the very substantial losses suffered by the individual authors, composers and performers; by the publishers and producers; and also by the employees of publishers and producers and other enterprises involved in producing and disseminating books and sound recordings. A less obvious but no less important implication is the loss of income to the sub-publishers and booksellers, the licensees and distributors (and their employees) who represent and sell books and recordings from other countries. The fact that the only statistics presented are those relating to the literary and music products of the United Kingdom and the United States of America does not mean that piracy does not seriously and prejudicially affect other countries, particularly developing countries. On the contrary, piracy has a very serious adverse impact on the development of third world countries.

7. At first sight the production by a pirate of copies of a book or sound recording in a developing country at a price less than that at which legitimate copies are being sold might appear to be a service beneficial to the local community; but if the nature of piracy is examined and understood it will be seen how inimical it is to the local community. The real nature of piracy is revealed by the following considerations:

(i) The pirate never publishes a new book or records a new song or performance; he does nothing whatever to encourage local creativity.

(ii) The pirate pays no royalties to the author, the illustrator, the translator; or to the composer, arranger, lyric writer or performer, or to any of the other creative people who have contributed to the original work; so that even if it is a local book written by a local author or a song composed by a local musician, the local interests will derive nothing from the pirate's activities.

(iii) In the case of books, the quality of the pirated edition is often very poor; this may not matter a lot in the case of fiction, but in textbooks, eg. a medical book on surgery, badly reproduced diagrams and illustrations could be quite serious. In the case of sound recordings, the technical quality of the pirated reproduction may be so bad as to cause the

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public to fail entirely to appreciate the artistic value of the music or the quality of the recorded performance.

(iv) The pirate makes no payment to the original publisher or to the record or film producer, in respect of production, editorial or distribution costs; so that in the case of a local production the economic base of the local publisher or producer is eroded and his capacity to support local creativity is reduced.

(v) In the case of books pirates will concentrate on works which, in the field of fiction are the current best sellers or in the educational field are acknowledged textbooks of authority, because such works need no promoting. In the field of music, they will copy only the recordings at the top of the charts.

(vi) Pirates do not discriminate between foreign and national works; the latter are just as vulnerable to piracy as are foreign works.

(vii) Pirates take no financial risks whatsoever. For every book or recording which is financially successful, there are probably at least ten which are produced at a loss by the legitimate publisher or producer and he has to apply part of the profits from the one successful product to recoup the losses on the other nine. The pirate keeps all his profits.

(viii) Not only does piracy cause financial loss to the various interests responsible for the creation, production and distribution of legitimate material, but it leads to considerable direct and indirect loss of revenue to Governments from unpaid taxes.

8. The principal effect of the production and distribution in a country of pirated books, recordings, films and video recordings is to stultify the development of the cultural creativity of that country and the growth of those industries which disseminate these works to the public - publishing and printing, record, film and video production, and so on; and without these two essential elements - cultural creativity and its dissemination - in the life of a developing country, the preservation and strengthening of its national identity and its general economic progress are undoubtedly retarded.

9. Of course, the provision of cheap books or sound recordings or films, especially those needed for education, is a desirable objective, particularly in developing countries. But to pursue this objective through piracy is doubly misguided; in the first place it is unjust to those who create, produce and distribute legitimate recordings and editions. In the second place, such a policy inhibits the development of local authors and local publishers, thus prolonging dependence upon foreign music and literature. Piracy must be eliminated if national culture, national record production, national authorship and publishing is to be protected and encouraged. To condone piracy because of its apparent benefit to the dissemination of information and culture or the cause of education will, in the long run, be contrary to the interests of a country, in the same way as the evils of drugs far outweigh any immediate economic returns generated by their cultivation and sale.

Access to copyright materials by developing countries

10. Developing countries have a manifestly justifiable need for access to the world's accumulated store of knowledge and information. Much of this is provided in the form of books; but it does not follow that those who write and produce these books or recordings should provide them free. Farmers and manufacturers who produce wheat or make tractors, or pharmaceutical companies which manufacture antibiotics and serums, are not expected to, and do not, provide their products free. In the case of books there are various ways by which they can be made available to developing countries - either through negotiated sub-publication, reprint or other joint venture arrangements voluntarily entered into; and where private sector arrangements are inadequate then Government assistance schemes must be devised. For example, in the United Kingdom there is the English Language Book Scheme through which books needed for teaching in designated developing countries are made available to those countries at prices substantially below the normal retail price, the difference being made up from a Government fund in the United Kingdom. Under such schemes the genuine needs of the developing country are taken into account but the author and his publisher in the producing country are not asked to subsidise this supply; the subsidy is provided by the public at large through the payment of taxes out of which the Government establishes its aid funds.

ACTION AND MEASURES NEEDED TO COMBAT PIRACY AND PRESERVE THE INTELLECTUAL PROPERTY SYSTEM

11. The conclusion which emerges from a survey of the nature and effects of piracy is that if, in today's world of technology, the copyright system is to continue to serve effectively the purpose for which it was designed, then in many countries both its statutory provisions and its administration in practice may need to be adapted - in some cases, substantially adapted. This means that, in a number of countries, government action is urgently needed to bring about directly, or encourage, the various adaptations that are essential if the preservation of the important public interest in maintaining the rule of law is to be safeguarded, and respect for private rights upheld.

12. Traditionally, although most copyright laws have always provided criminal penalties for various forms of infringement, until the last decade these have seldom been invoked and copyright owners have enforced their rights, in the main, by civil litigation. But the scale of unauthorized use and deliberate piracy today is such that it is no longer either practical or appropriate for copyright legislation to be enforced solely by civil means; it is no longer simply a matter for private individuals to assert their private rights; piracy constitutes a disregard for legal rights and obligations of such dimensions that respect for law and order in an important sector of human society is seriously undermined; and it has clearly become the duty of the State to take steps to combat this serious public mischief - not to the exclusion of action by the interests affected but in collaboration with those interests.

13. The measures needed are described in the following sections of this study. In a few countries most of the measures listed are already present and in operation; in most countries, certainly some of the measures need to be taken. The reference to specimen statutory provisions given in the following paragraphs are simply examples; similar provisions may

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be found in other national laws. The titles and dates of the national laws referred to are given in full in the list at the end of this study.

Public condemnation of piracy by Governments

14. First and foremost, there must be a public commitment by governments to the task of eradicating piracy; the public in any country must be made aware that the Government regards such activity as a form of theft; and as such, thoroughly anti-social and contrary to the public interest, and not merely as a matter affecting the private rights of individuals.

Up-to-date national laws

15. Secondly, wherever necessary, governments must, as a matter of urgency, amend national laws to make them more effective; the amendments needed will vary from country to country but should bring the protection up to the standards generally regarded as necessary to meet contemporary needs.

16. During the last decade national laws and international conventions dealing with intellectual property have been the subject of extensive and intensive study to ensure that they take account of technological advances and applications, of the latest forms of commercial utilization and of the need to deal with the enormous volume of piracy. This process still continues: in the last ten years, national laws in many countries, both industrialized and developing, have been amended and in a number of cases, completely replaced by comprehensive new laws. To mention a few examples: in 1985 the laws of France and Germany were substantially amended; in the same year, comprehensive new laws were enacted in Singapore and Malaysia (with, in the case of Malaysia, further substantial amendments in 1990); in 1987 a completely new intellectual property law was enacted in Spain; in 1988 the United Kingdom enacted the Copyright, Designs and Patent Act 1988. Comprehensive new laws were also enacted in 1992 in Bolivia, Estonia and Switzerland, and in 1993 in Bulgaria, El Salvador, Greece, Jamaica, Russian Federation and Venezuela.

17. At regional level enactments in the forms of directives have been made by the European Union in respect of certain areas of intellectual property law, dealing with the protection of computer software, rental rights, the rights of record producers and performers, and the duration of rights; and other directives are currently under consideration. In North America the North American Free Trade Agreement (NAFTA) signed in 1993 between Canada, Mexico and the United States of America contains a special chapter setting standards for the protection of intellectual property within the three member states.

18. On the international plan, the recent agreement (December 1993) on the text of a new General Agreement on Tariffs and Trade (GATT) includes a code of protection for intellectual property - the Trade Related Aspects of Intellectual Property Rights (TRIPS) - which sets minimum standards for protection, specifies essential enforcement measures and procedures, and incorporates a disputes settlement procedure. In 1991 the World Intellectual Property Organization (WIPO) convened a Committee of Experts to consider proposals for a Protocol to the Berne Convention to deal with possible new rights, including an improved regime of protection for sound recordings. In September 1992 the Governing Bodies of

WIPO revised the project by establishing a second Committee of Experts to consider separately proposals for a new international instrument to provide protection for the producers of sound recordings and performers; the work of the new Committee to proceed in parallel with the work of the Committee appointed to consider a possible Protocol.

19. Intellectual property legislation is national or in some special cases, such as the legislation of the European Union, regional. These national or regional laws are not identical with each other. Although virtually all industrialized countries, and many developing countries, belong to the Berne Convention and a number of the other intellectual property conventions, and their laws meet the minimum requirements of those conventions, contemporary needs resulting from technology, business enterprise and piracy has necessitated measures additional to the minimum requirements of the conventions.

20. The measures outlined in the following paragraphs reflect the provisions of the latest intellectual property laws and take account of the European Union Directives, NAFTA, TRIPS and the current and ongoing round of discussions at WIPO.

21. Effective anti-piracy action requires a range of measures, which may be summarized as follows:

- (a) An up-to-date substantive law which provides:
 - (i) a full range of rights for the various categories of protected works;
 - (ii) penal provisions designed to cover all forms of piratical activity, backed by penalties which are effectively deterrent;
 - (iii) rules of evidence which ensure that rightowners can effectively enforce their rights through court proceedings without unreasonable hindrance from technical rules;
 - (iv) a full range of remedies including injunctions, both interim and permanent, accounts of profits, delivery up or destruction of infringing articles, awards of damages and reimbursement of costs.
- (b) Powers to search for and seize evidence of infringement or of the commission of offences, and to obtain information relating to such activities.
- (c) Acceptance of responsibility by the state law enforcement agencies, acting in collaboration with rightowners, for bringing prosecutions against those involved in piracy.
- (d) Membership of the relevant conventions.

Full range of rights

22. Authors, and their business partners, must have a full range of rights enabling them to exercise effective control over all the kinds of use which modern technology makes possible, so that they may realize the full economic potential of their works and products and

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thus have the resources to meet the considerable costs of carrying out the necessary investigative action and conducting the litigation needed to protect their interests through successful enforcement of their rights.

23. The rights which are essential to enable authors and publishers to maximize the income from the commercial utilization of their works are the following:

(a) The exclusive right to authorize or prohibit the reproduction of their works. This is the original right on which the copyright system was founded in Europe in the 18th century and still remains the fundamental right. Every national law will contain such a provision.

(b) The exclusive right to make copies of their works available to the public for the first time. This is often described in copyright legislation as a publication right and, like the reproduction right, is a fundamental right within the copyright system. Typical examples of such provisions are in the Copyright Laws of Germany, article 17(1); United Kingdom, section 18; United States of America, section 106(3).

(c) Today, the rental of books is not a significant commercial activity, although it was earlier this century; and even today the rental of recorded readings of literary works does take place, though on a limited scale. On the other hand, in recent years the rental of sound recordings, films and videos has developed into a substantial business activity. This has had two particularly important consequences: first, it represents a new form of commercial use; in the case of music it replaces to a significant extent the acquisition and consumption by the public of recorded music by purchasing copies at retail sales; and in the case of films and videos it reduces the audiences at cinemas; and secondly, in all cases, it undoubtedly leads to extensive unauthorized home copying. It is therefore essential for rightowners to have the power to control this kind of use and, in appropriate cases, to ensure that they participate in the commercial proceeds flowing from it. The need for this right has been recognized by the European Union and is exemplified by the Rental Directive, article 2.

(d) Control over the importation of copies of books (and other protected works, notably sound recordings), irrespective of whether the imported copies were made with or without the authorization of the copyright owner. There are two principal reasons why this right is needed. First, copies of a book protected in one country may be made in another country without the copyright owner's permission, either because there is no protection in the second country or because, for one reason or another, it is not enforced. In such a case, the power to prohibit the importation of such copies is essential if the copyright owner is to be protected against unfair competition from unauthorized copies made without his permission and in respect of which he receives no remuneration. The second reason is to enable a copyright owner who has exclusive rights of distribution for a book or sound recording in one country to protect himself from unfair competition by copies imported from another country where their manufacture was authorized for the purpose of retail sale in that market only. Examples of statutory provisions may be found in the laws of Germany, articles 85(1), 17; Jamaica, section 31(2); United Kingdom, sections 22, 27; United States of America, section 602.

(e) Public performance is not a form of use to which most books are normally put; but, of course, it is an extremely important form of use for published plays; and in the field of music, the use of recorded music to provide the public with music (as opposed to the public presentation of musical works by performers at concerts) is an increasing activity. For example, in the last one to two decades there has been a phenomenal growth in the number of discotheques, whose operators use recorded music to provide entertainment for large fee-paying audiences. It is clearly essential that authors, publishers and producers have exclusive rights over this form of commercial utilization in order to ensure that their interests are fully respected and that they receive a reasonable share of the commercial proceeds generated by this activity. Examples of statutory provisions establishing public performance rights may be seen in the laws of Jamaica, section 9(1)(c); Nigeria, sections 5(1)(a) (iii), 6(1)(a); Portugal, article 184(2); Spain, article 109(1); United Kingdom, section 20.

(f) The exclusive right to authorize or prohibit the broadcasting (whether terrestrial or via satellite) of protected works and products. The broadcasting of literary works takes place in many ways; for example, by the use of the scripts for dramatic programmed, both on television and radio; and on radio by the reading of published books. In the field of music there has been a tremendous growth in broadcasting services where the delivery, in increasing volume, of recorded music to the public has become a worldwide phenomenon and it constitutes, perhaps, one of the largest forms of consumption of music by the public second only to the volume of retail sales. Moreover, the new technologies, notably digital technology, together with interactive broadcasting, distribution and dissemination services will in the very near future enable large numbers of the public to obtain recorded music of perfect quality, coupled with the facility to make their own recordings of a quality equal to the original, so that the traditional method by which recorded music is supplied to the public i.e. by retail sales, may increasingly be replaced. It is essential, therefore, for copyright holders in the literary and music fields to have exclusive rights to control this important kind of utilization. Specimen provisions may be seen in the laws of Jamaica, section 9(1)(d); Malaysia, section 13(1)(d); Nigeria, sections 5(1)(a) (iv), 6(1)(a); Portugal, article 184(2); Spain, article 109(1); United Kingdom, section 20.

(g) The exclusive right to authorize or prohibit cable distribution of protected works. The reasons summarized in the preceding paragraph apply equally to this form of dissemination. For examples of statutory provisions see the laws mentioned at the end of subparagraph (f').

(h) The exclusive right to authorize or prohibit the adaptation of a work. Adaptation in relation to a literary work includes the translation of it into another language, or its conversion from its original format into another, for example making a novel into a play or a film. The right is clearly a most important one for authors and publishers. It is also becoming important in relation to musical works. A sound recording embodies, inter alia, the creative input of its producer. Digital technology makes it possible for elements of a recording, including features of the artistic contribution made by the producer, to be extracted, even in minute components, and modified or otherwise manipulated and then reintroduced so as to change the artistic characteristic of the recording. To protect the producer against unauthorized acts of this kind, he needs to be able to control this activity.

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Specimen provisions exist in the laws of Jamaica, section; United Kingdom, section 21(1).

Penal provisions

Offences

24. Almost all copyright laws contain provisions making it an offence for persons to do certain acts in relation to works protected by copyright. In the older copyright laws these provisions tended to be limited in extent. For example, in the Copyright Act, 1957 of India the offences are: (a) knowingly infringing, or abetting the infringement of, the copyright in a work (section 63); (b) knowingly making, or possessing, a plate for the purpose of making infringing copies (section 65).

25. However, with the development of large scale piracy it has become clear that other acts which either directly or indirectly affect prejudicially the rights and interests of copyright owners needed to be made criminal offences. Consequently, today, the penal provisions in modern copyright legislation will cover the following activities:

(a) For business purposes: making, importing, possessing, selling or hiring, or offering for sale or hire, displaying in public, distributing an article which is, or which the person doing any of these acts knows or has reason to believe, is an infringing copy. See the laws of Jamaica, section 46(2); Nigeria, section 10, 18(2); United Kingdom, section 107(1).

(b) Making an article which is specifically designed for making infringing copies, or possessing such an article, by a person who knows, or has reason to believe, that the article would be used for infringing copies for business purposes. See the laws of Jamaica, Section 46(2); Nigeria, Section 18(1)(c); United Kingdom, Section 107(2).

(c) Transmitting a work by a telecommunication system (otherwise than by broadcasting or cable distribution, to the general public) by a person who knows, or has reason to believe, that infringing copies of the work will be made by means of the reception of the transmission. See the laws of Jamaica, section 31(f); United Kingdom, section 24(2).

(d) When a work is protected against unauthorized copying by a technical device (such as the Serial Copying Management System - SCMS), the making, importing, selling or letting for hire, offering or exposing for sale or for hire, or advertising for sale or hire, of a device specifically designed to circumvent the technical protection device, or the publishing of information intended to enable or assist persons to circumvent such protection systems. See the law of the United Kingdom, section 296.

Deterrent penalties

26. Penal provisions will only be effective if the penalties which maybe imposed on those committing offences are truly deterrent. Fines which are no more than a minute fraction of the turnover which a pirate can achieve in a night's work, are clearly useless. Moreover,

the right, which exists in some jurisdictions, for a defendant sentenced to imprisonment to commute the sentence by paying a fine, completely defeats the purpose of a sentence of imprisonment and, in the case of intellectual property piracy offences, makes the penal provisions of the law ineffective. Sentencing is, of course, always a matter for the discretion of the court, taking into account all the relevant circumstances in each particular case. Statutory authority for the imposition of a large fine or a long period of imprisonment does not mean that in every case the maximum penalty must be imposed. But such penalties must be available to the court for use in cases where the circumstances justify such sentences. Moreover, the very existence in the legislation of potentially severe sentences is itself a useful deterrent. Sections 2318 and 2319 of Title 18 (dealing with criminal offences generally) of the United States Code illustrate the scale of penalties deemed appropriate for copyright offences; they include fines up to US\$ 250,000 and imprisonment up to five years, or, in some cases, both.

Onus of proof

27. There is another important consideration which concerns penal provisions. Under many copyright laws the offences are only committed if it is established that the defendant knew that the copies he was dealing with were infringing copies, or that articles in his possession were to be used for making infringing copies; which means that the onus of proving such knowledge is on the prosecution. In practice, it is often very difficult to establish such guilty knowledge. Although it is a general principle that a person should not be deemed to commit an offence without his guilty knowledge being established, there are exceptions to this principle. Where the nature of the offence is such that it is impracticable for a prosecution to establish affirmatively the actual knowledge of the defendant, but on the other hand there is no difficulty in the defendant establishing absence of guilty knowledge and where the dimensions of piracy, and its erosion of private rights and damage to the public interest are great, a departure from the general principle may be justified. See the law of Malaysia, section 41(1).

Rules of evidence

28. In civil proceedings for infringement of copyright and usually in criminal proceedings for offences, the court has to be satisfied as to certain matters viz: (a) that copyright subsists in the work which is the subject of the legal proceeding; (b) that the copyright belongs to a particular individual or corporate body; (c) that the defendant has carried out certain acts in relation to the work which amount to infringement or a criminal offence. In most proceedings involving piracy the matters (a) and (b) are not genuinely in dispute. In cases where the defendant defends the action, or pleads not guilty, the matters which go to the merits of the case and on which evidence must be presented by the plaintiff or the prosecution are the matters set out in (c).

29. In practice, however, the matters in (a) and (b) may be difficult or expensive to establish. The subsistence of copyright in a work depends upon the nationality or residence of the author when the work was made; or on the date and place of first publication or, in the case of a sound recording, the place of fixation. In an action involving piracy the defendant is, by definition, an alleged pirate and hence unscrupulous and he will put these

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matters in issue by disputing them in the hope that the plaintiff or the prosecution will simply fail on some technical point to establish the necessary formal proof and by such totally meritless defence he will be successful in countering the proceedings. Where this occurs, clearly justice has not been done. Recognizing this problem, copyright laws accordingly authorize courts, when trying either civil or criminal proceedings for infringements or copyright offences, to make certain presumptions as to these formal matters.

Presumptions

30. Typical presumptions which courts are authorized by modern copyright laws to make, are the following:

(a) In proceedings with respect to a literary or artistic work, unless the defendant puts the following questions in issue, the court shall presume: (i) that copyright subsists in the work which is the subject matter of the action; (ii) that the plaintiff is the owner of the copyright. If the defendant, without good faith, puts either of these questions in issue with the result that the plaintiff has to incur costs in establishing the matter put in issue, the court may direct those costs to be borne by the defendant irrespective of whether the plaintiff is generally successful or not. See the laws of Nigeria, section 35(a)(b); Singapore, section 130.

(b) In proceedings with respect to a literary or artistic work, a court shall presume, unless the contrary is proved, (i) that a person whose name appears on the work is the author of it; (ii) where the author's name does not appear on the work but that of the publisher does, that the publisher is the owner of the copyright in the work; (iii) if the author of the work is dead or his identity cannot be easily ascertained, that the work is original and that the plaintiff's statements as to first publications are correct. See the laws of Nigeria, section 35(d)(e)(g); Singapore, sections 131-133, 135; United Kingdom, section 104.

(c) In proceedings with respect to a sound recording, where copies of the recording as issued to the public bear a label or other mark stating: (i) that a named person was the owner of copyright in the recording at the date of issue of the copies; or (ii) that the recording was first published in a specified year in a specified country, the label or mark shall be admissible as evidence of the facts stated and shall be presumed to be correct until the contrary is proved. See the laws of Singapore, section 134; United Kingdom, section 105(1).

31. In addition to making provision for the presumptions described above, modern copyright legislation recognizes the particular difficulty copyright owners may have in establishing formal matters in foreign courts and, of course today, it is just as important, indeed even more so, for a copyright owner to be able to enforce effectively his rights in other countries as in his own because the market for intellectual property is a worldwide one. For this reason, modern copyright legislation makes provision for evidence contained in a certificate or affidavit, authenticated in an appropriate manner, to be admitted in evidence in proceedings for enforcement of copyright on the following questions: (a) the fact that at a specified time, copyright subsisted in the work which is the subject matter of the action;

(b) that a person named in the certificate or affidavit is the owner of that copyright; (c) that a copy of the work which is annexed to the certificate or affidavit is a true copy of it; (d) that the author of the work is a citizen of, or domiciled in, a named country; (e) that the author of a work is a body corporate established or incorporated under the law of a named country; (f) that in an action involving a corporate body, a certificate attached to the affidavit is a true copy of the certificate of incorporation of that body; (g) that the work was first published in a named country. See the law of Nigeria, section 34.

32. The Copyright Law of Malaysia (section 55) contains a useful provision facilitating proof in infringement proceedings. This is a provision which stipulates that where packages or receptacles containing alleged infringing copies of copyright works have been seized, it is only necessary to open and examine one per cent or any five copies, whichever is the lesser, of the contents of each package or receptacle and the court may then presume that the rest of the copies in the package or receptacle are of the same nature as those examined; in other words, if those examined are found to be infringing copies then the remainder may be presumed also to be infringing copies.

Withdrawal of privilege against self-incrimination

33. In addition to the special rules governing presumptions and the admissibility of certificates and affidavits, modern legislation has recognized the necessity, in the case of intellectual property, to review the long-established principle that a person cannot be required to give evidence which incriminates him. In the United Kingdom and other Commonwealth countries, this is a common law principle; in others, for example, in the United States of America, it is embodied in the Constitution (in the United States in the Fifth Amendment). The principle is obviously a most important one in the protection of the liberty of the individual and ensures that he is not subject to oppressive action by Government or its agencies. However, in recent years, in view of the enormous scale of copyright infringement which characterizes contemporary piracy and the peculiar difficulties of obtaining the evidence needed to deal with the network of piracy operations, certain recent copyright laws have modified the application of this principle.

34. These laws now provide that in civil proceedings relating to the infringement of intellectual property rights, it is no longer open to a party to refuse to answer questions, the answers to which might incriminate him; and he is treated as committing a contempt of court if he refuses to answer such questions. However, the withdrawal of this privilege in this special case is subject to a safeguard provision that any statement or admission made by a person as a result of this new rule may not be used in evidence against him in criminal proceedings. See United Kingdom Supreme Court Act 1981, section 72.

35. The value of this new provision is that in an action brought against a middle man or a small retailer, it may be much more important to obtain evidence as to the pirate/producer or main distributor by requiring the middle man or retailer to give evidence, even if that evidence cannot be used against that particular middle man or retailer.

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Customs control over imports

36. Many modern copyright laws contain provisions under which customs authorities may, either on their own initiative or at the request of rightowners, refuse to release goods which are or appear to be infringing copies of protected works. See the laws of Jamaica, section 50; Germany, article 111(a); Singapore, section 138; Switzerland, articles 75-77; United Kingdom, section 111.

37. The implementation of such provisions has been the subject of consultations between rightowners and the Customs Co-operation Council (CCC) and, in the case of sound recordings, a Memorandum of Understanding was signed on 8 June 1988 between the CCC and IFPI setting out guidelines on co-operation between national customs services on the one hand and IFPI and individual record producers on the other hand. In the United States of America and in Germany this co-operation has resulted in effective practical action.

38. In 1993, the Commission of the European Union issued a draft directive for consideration to establish within the European Union a harmonized procedure for border controls over, not only the importation into the Union, but the movement in transit throughout the states of the Union, of counterfeit goods and pirated copies of works protected by intellectual property law.

Powers of entry and search

39. Because of the scale of piracy it is no longer sufficient for a copyright owner to be able merely to identify the particular retailer who is found to have offered for sale some unauthorized copies of the plaintiff's work; it is essential to be able to identify everyone in the chain of distribution starting with the pirate/manufacturer and running through to all the final retail outlets. For this purpose national laws (either the copyright statute or the general criminal law) must contain adequate provisions authorizing the searching of premises and the seizure of articles which may be needed as evidence.

40. Recent copyright laws provide that police officers may be authorized by warrants issued by a magistrate to search premises on the grounds that an offence relating to copyright has been, or is about to be committed and that evidence of the offence may be found on the premises. Such warrants also authorize the police officer to enter and search premises (using reasonable force, if necessary) and to seize articles which he reasonably believes may constitute evidence of an offence. Moreover, in certain cases a police officer is authorized to enter premises, search and seize incriminating articles, even without a warrant, if the officer is satisfied that by reason of the delay that would be involved in obtaining a warrant, incriminating evidence might disappear. See the laws of France, articles L332-1-4; Jamaica, section 140, Malaysia, sections 44-48; Singapore, section 138; United Kingdom, section 109.

41. In addition to such powers exercisable by police officers or other law enforcement officials, the copyright owner under some laws may himself take appropriate steps to obtain evidence that his rights have been or are being infringed. See the law of the United Kingdom, section 100.

Powers of search and interrogation without advance warning

42. Not only is it necessary for the copyright owner to be able to seize documentary, and other tangible evidence of infringement of his works but it is also important for him to be able to obtain information as to the source of supply of the infringing material or as to the outlets through which it would be sold to the public. Of course, once a copyright owner has commenced an infringement action, it would normally be possible for him to obtain interlocutory orders from the court requiring the defendant to provide information and produce documents relevant to the plaintiffs complaint; and of course in a country where the special plea of self-incrimination has been withdrawn, as described above, the plaintiff would be able to enjoy the benefit of that. But this procedure is inadequate for two reasons: first, it would normally only be available against the defendant or other persons who are actually parties to the proceedings; and second, and more important, once the proceedings have been commenced and the defendant is consequently alerted to this fact by the issue of the summons or writ, all the relevant evidence will have disappeared by the time the plaintiff could obtain an order for discovery or interrogation.

43. For this reason in the United Kingdom and other jurisdictions, courts have developed a process whereby a person who believes his rights are being infringed may, even before commencing an action, apply to a court for an order requiring a person to permit the copyright owner to enter and search his premises, remove evidence and to furnish information about his sources of supply and his possible retail outlets. The application for such an order is heard in camera and without notice to the person against whom the order will be issued. This order has proved to be most effective and it has become known as an "Anton Piller Order" which takes its name from the defendant in the first case in which this procedure was approved by the High Court in the United Kingdom. See *Anton Piller v. Manufacturing Processes Ltd* (1976), 1 AER 779.

Adequate remedies

44. It goes without saying that enforcement through legal proceedings, either civil or criminal, will be worthless if adequate remedies are not available. In all jurisdictions there is bound to be the usual range of orders available to a court - fines and imprisonment in criminal cases; damages or compensation, injunctions and costs in civil cases. But there are three particular remedies which are of a special value in copyright piracy cases. These are:

(a) *Interlocutor injunctions.* It is most important that a plaintiff can obtain from the court an injunction, in advance of the hearing of the case, to prevent a defendant from carrying out an act which the plaintiff believes would seriously infringe his rights and for which a subsequent award of damages would not provide an adequate remedy. It is therefore important that courts should have the power to grant such interlocutory injunctions, which preserve the status quo, pending a determination of the case.

(b) *Delivery up or destruction of infringing copies.* If organized commercial infringement, i.e. piracy, is to be effectively contained by the courts, then it is important for them to have power to make orders not only for the disposal of infringing copies but for any other items or equipment which have been used or are intended to be used for the purpose

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of carrying out infringements. Moreover, it is important that the courts may use these powers in any case where they are satisfied that articles are infringing copies, or have been used or are intended to be used for making infringing copies irrespective of whether the defendant is convicted of an offence or not. See the laws of Singapore, section 136(8); United Kingdom, section 108.

(c) *Freezing of defendant's assets.* Another procedure, also available in the United Kingdom and other jurisdictions, is a court order known as a 'Mareva injunction' (which was the name of the ship involved in the first proceedings, in 1980, in which this particular form of injunction was used). A Mareva injunction may be granted to a plaintiff who has reason to believe that the defendant will move his assets out of the jurisdiction of the court with the result that the plaintiff, even if he is successful, will be unable to obtain effective redress. The injunction, which binds third parties, such as banks, has the effect of freezing the defendant's assets until the proceedings are completed. This is obviously a most important procedure because it would be a hollow victory for the plaintiff to win his infringement action and receive a substantial award of damages from the court only to find that when he sought to execute the judgement, the plaintiff no longer had any assets within the court's jurisdiction. See *The Mareva* (1980) I AER 213.

(d) *Publication of court decisions.* Some copyright laws authorize a court which has found a defendant guilty of copyright infringement to publish, either at the copyright owner's request or, in some cases, entirely at the court's discretion, either the judgement in full or an extract. This can have a very deterrent effect on the defendant and would-be pirates. See the laws of France, article L335-6; Germany, article 111.

(e) *Closure of Pirate's Business.* Under the French copyright law, where a defendant has been found guilty of repeating copyright infringements, the courts have power to order the closure either permanently, or temporarily for a period not exceeding five years, the business premises where the infringement offences were carried out. See the law of France, article L335-5.

OTHER CONSIDERATIONS

Access to courts

45. Because copyright-protected works are today a form of international commodity traded in throughout the markets of the world, it is essential that all copyright owners, whether they be nationals or foreigners, should have unrestricted access to the courts of every country where their products are traded in for the purpose of enforcing their rights so as to protect their interests. This right to use the processes of the court should be unconditional and not dependant upon compliance with registration or any other formality.

Speedy trials

46. The old saying "justice delayed is justice denied" has a special relevance to legal proceedings for infringement of copyright in cases of piracy. Piracy is not a single completed act of infringement, but usually a continuing operation which will go on after the

commencement of legal proceedings up to the time when the court makes an order which effectively brings the operation to a close. It is particularly important, therefore, if the copyright owner's interests are not to be permanently and irreparably undermined that infringement cases be heard as speedily as possible. In any event, it is essential that courts use the power to issue interlocutory injunctions at an early stage so as to minimize any continuing damage to the copyright owner's interest.

47. In France, under general rules governing court procedures, when criminal proceedings have been started in respect of alleged copyright offences, it is possible for the court to entertain, as part of the proceedings, civil claims for damages and other remedies, from the copyright owner. This avoids the delay which would be involved if the civil proceedings had to wait until the criminal proceedings were completed; another benefit is the considerable saving in costs as the same evidence can be taken into account on both sets of issues.

Enforcement: Government's duties

48. As pointed out earlier, piracy cannot be contained through action by copyright owners alone; they must be supported by the government and, in particular, by all the state agencies of law enforcement, the judiciary, the police and other bodies.

49. An example of what is needed is the establishment by the Government of Malaysia, following the enactment of its new copyright law in 1987, of a Copyright Division within the Ministry of Trade and Industry; this has been carrying out vigorous enforcement operations, in collaboration with the interests affected and piracy of sound recordings is estimated to have fallen from over 80 per cent of the market to around 15 per cent.

Membership of the conventions

50. Finally, another implication of the international character of the copyright industries is that books, sound recordings, films and other copyright products, need protection in all countries where there are markets for them. This protection is brought about by membership of the conventions, particularly the Berne Convention and the Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms. It is therefore of the greatest importance for all countries which accept the value of the copyright system to join the Berne and other relevant conventions, including now the new GATT 1994.

National Copyright Laws

European Union

Council Directive 92/100/EEC of 19 November 1992

France

Intellectual Property Code (Law No. 92-597 of 1 July 1992 as last amended by Law No. 92-1336 of 16 December 1992)

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Germany	Copyright Statute of 9 September 1965 (as amended up to 24 June 1985)
Jamaica	Copyright Act 1993
Malaysia	Copyright Act 1987, as amended by the Copyright Act 1990
Nigeria	Copyright Decree 1988
Portugal	Code of Copyright and Related Rights of 17 September 1985 as last amended on 3 September 1991
Singapore	Copyright Act 1987
Spain	Law on Intellectual Property of 11 November 1987
Switzerland	Federal Law on Copyright and Neighboring Rights of 9 October 1992
United Kingdom	Copyright, Designs and Patents Act 1988 (as amended by the Broadcasting Act 1990)
United States of America	Act for the General Revision of the Copyright Law (Chapters 1-8 of Title 7 of the United States Code) enacted on 19 October 1976, as amended up to 1 December 1990