

WIPO



PCIPD/1/11

ORIGINAL: English

DATE: May 18, 1999

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

PERMANENT COMMITTEE ON COOPERATION FOR DEVELOPMENT RELATED TO INTELLECTUAL PROPERTY

First Session
Geneva, May 31 to June 4, 1999

**WIPO'S ASSISTANCE TO DEVELOPING COUNTRIES IN THE FIELD
OF ELECTRONIC COMMERCE: PROGRESS REPORT**

Prepared by the International Bureau

1. Electronic commerce - the commercial exchange of goods or services between parties by using the global system of computer and telecommunication networks - has rapidly become a subject of major economic importance worldwide, and has changed the way in which individuals, companies, and governments interact and conduct business. Commerce across electronic media is not new, however it is the advent of the Internet, and the enormous expansion in the number of users and range of applications, which has changed this global economic environment.¹

2. Several features of electronic commerce and, in particular, commerce over the Internet, pose special challenges to WIPO. The Internet is multijurisdictional - people can access it from anywhere in the world - and many diverse interests throughout the world are concerned with any endeavor to formulate specific policies for this digital environment. WIPO, as an intergovernmental organization, faces the challenge of taking into account the variety of views of these stakeholders, so as to ensure that any policy developed for one interest group or region, does not unduly interfere with other groups or regions.

3. The Internet is also a global phenomenon - and electronic commerce over the Internet offers enormous potential for global participation on an unprecedented scale. In this respect, digital technology promises seemingly unlimited opportunities for commercial exploitation through unprecedented market access at low transaction and entry costs, streamlined operating methods, the creation of new virtual markets and channels of distribution, and innovative business models, which apply to large and small business enterprises, wherever located. The ideal scenario is of an integrated global electronic economy, on a virtual level playing field.

4. The challenge faced by the international community, and taken up by WIPO, is in ensuring that developing countries are equipped to take advantage of the promise held out by electronic commerce. It is critical, at this moment in time, to examine the potential impact of electronic commerce on emerging economies, so that the Internet and its use does not widen the gap between developed and developing countries. The speed with which electronic commerce is changing the way in which international commerce is transacted, and the thriving growth of electronic commerce in the developed world (where it has its origins), should not could prevent developing companies from participating in its benefits.² WIPO is endeavoring, through its programs of cooperation for development, to mitigate any disadvantageous effects of such rapid change on developing countries, with particular reference to least developed countries (LDCs).

5. Intellectual property issues are of central importance in maintaining a stable and positive environment for the continuing development of electronic commerce. In this field, WIPO plays a vital role in highlighting the ways in which intellectual property may be both exploited, and protected, through the use of digital technologies. By becoming Members of

¹ Studies suggest that the number of Internet users grew from 28 million in 1996 to 50 million in 1997, and is estimated to reach 200 million by 2001 (Data from the IDC Internet Commerce Market Model™ "IDC Predictions 1998: New Power Brokers Reshape the IT Industry" at <http://www.idcresearch.com>). A separate study predicted 250 million users by 2002, and 300 million by 2005, and that the fastest growth would be in Asia and Central America (Datamonitor 1999 report "The Future of the Internet" at <http://www.datamonitor.com>).

² Research demonstrates that 55 countries in the world account for more than 99% of all spending on information technology (see 1999 IDC/World Times Information Society Index, at <http://www.idcresearch.com>) and that more than two-thirds of the online users are located in the United States and Europe (see Datamonitor report "The Future of the Internet" at <http://www.datamonitor.com>).

WIPO, States have already subscribed to the importance of promoting the protection of intellectual property. As a next step, the Organization is endeavoring to encourage adherence by developing countries to all multilateral treaties it administers, highlighting, in particular, the two 1996 "Internet treaties" - the *WIPO Copyright Treaty* and the *WIPO Performances and Phonograms Treaty*. The adoption by developing countries of the WIPO treaties will establish a firm platform of intellectual property laws, which will enable local business to engage more fully and securely in electronic commerce, as well as enhance the environment for investment from abroad.

6. At the most basic level, a country's participation in electronic commerce first requires that it have in place an adequate infrastructure, including telecommunications, accessible network services, information technology hardware and software, and the supporting technical know-how. Electronic commerce also depends upon an awareness in local business communities of the potential benefits to be gained through access to the Internet and electronic commerce. This, in turn, enables local communities, businesses and governments to take a lead role in developing policies for electronic commerce which take into account each country's unique cultural and economic character.

7. WIPO is assisting developing countries to meet these challenges. WIPO is taking steps to address this need through the establishment of a global information network, known as WIPONET, which will utilize a mix of private and public networks throughout the world in order to make intellectual property information freely available to the public.³ The WIPONET will also maintain sufficient telecommunication capability and security to enable national industrial property offices to exchange information needed for their registration activities and to transmit their patent and trademark registrations online to WIPO.

8. WIPO is also establishing programs to provide developing countries with information, education and skills training programs relating to electronic commerce, particularly under the auspices of the WIPO Worldwide Academy. The WIPO Academy operates a distance-learning program, as well as local seminars and courses for training of lawyers in developing countries in intellectual property issues. The WIPO Electronic Commerce Section will work with the WIPO Academy to develop an Electronic Commerce Module for such use by early 2000. It is envisaged that the WIPONET will also be employed to electronically deliver these education services.

9. WIPO has a role in developing and policies in respect of intellectual property rights that will further the services and systems that are necessary for electronic commerce to flourish. The recommendations made by WIPO in its Report on the WIPO Internet Domain Name Process, published in April 1999, will help in reducing the tensions that have arisen between trademarks and domain names. The Report include guidelines as to best practices for domain name registration authorities in the so-called generic Top-Level Domains, which may also give assistance to country code Top Level Domain (ccTLD) administrators throughout the world, and in the developing world in particular, who have expressed a desire for WIPO to provide such guidance. Details as to the WIPO Internet Domain Name Process may be found by contacting the Organization directly or through the web site at <http://wipo2.wipo.int>.

³ The WIPONET will commence phased implementation in mid-1999, and is expected to be operational by mid to late-2000.

10. It is also becoming apparent that electronic commerce has implications for developing countries' traditional means for protecting intellectual property rights, and for the protection and dissemination of indigenous intellectual property. In this context, WIPO is developing projects, which may assist in the digital exploitation of countries' cultural and artistic heritage in an online environment, through the proposed WIPO Museum Project.

11. WIPO will convene an International Conference on Electronic Commerce and Intellectual Property in Geneva on September 14 to 16, 1999, which is intended to address comprehensively intellectual property issues of importance to electronic commerce. Representatives of developing countries will be invited to attend the Conference, which includes a session focusing on issues of particular relevance to electronic commerce in developing countries. Details of the Conference program, and registration forms, are available at WIPO's electronic commerce web site at <http://ecommerce.wipo.int>.

12. Prior to the International Conference, during the months of June and July 1999, WIPO will conduct six regional consultations on electronic commerce in the African, Arab, Asian and Latin American and Caribbean regions. These two-day events are aimed at generating greater awareness of the ways in which electronic commerce is affecting intellectual property, and to assist countries in these regions to formulate a timely and swift response on these important issues. At the same time, WIPO will seek countries' views on the issues relating to electronic commerce, which are of particular relevance or interest to them now, and in the future.

13. In order to inform participants in both the regional consultations and International Conference, WIPO will publish an Issues Paper on Electronic Commerce and Intellectual Property, which will be published to governments in paper form and on the electronic commerce web site at <http://ecommerce.wipo.int>. Details concerning WIPO's comprehensive program on electronic commerce, including issues of cooperation for development, are continually updated on that web site.

14. The Permanent Committee is invited to note the information contained in this document and make any comment it may wish on the content thereof.

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