

Digital Intellectual Property Rights and Dispute Settlement: A European Approach

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1. Introduction

In knowledge based society information technology (IT) plays a great role and equally new types of problems are arising in the traditional legal arena. As a result, legislators will face new challenges to manage information and ensure rights in the virtual world. On the other hand, there is no need to reiterate the economic and commercial value of intellectual property (IP) in a knowledge based society as we have noticed such value is increasing at an exponential rate. Intellectual Property Rights (IPRs) mainly encourage and patronize the intellectual society for creating intellectual creations and accelerate innovation in every sector of science and arts. Nowadays IP is becoming a part of form by technological means of control¹ as transport system and digital medium are advancing, transactions has also increased among country to country and region to region through online.² Very few industries in the world economy are not effecting in some way by what is happening on the internet.³ The emerging growth of

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¹ Wiebe, D. A., "Perspective of European Intellectual Property Law". *International Journal of Information Technology*, Vol.8 (2), (2000), PP.139-165.

² Geller, P. E. "International Intellectual Property, Search Term Begin Conflicts Search Term End of Laws and Internet Remedies", *European Intellectual Property Review*, Vol. 22 (3), (2000), PP.125-130.

³ Spinello, R. A. "Regulating Cyberspace", London: Quorum Books, (2002), p.65.

internet network leads more economic growth.⁴ Internet is able to support of a worldwide connectivity that totally challenges the existing regulations depending on territorial legitimacy.⁵ The things which are stored and transmitted on the internet are in elusive form or intangible form and most of them are protected by IPRs.⁶ With the increasing uses of internet and the advancement of IT, the management, distribution and uses of IP also are changing to a large extent.⁷ This digital form of IP and transforming those assets into virtual world by computer networks largely affect both legal and economic values.⁸ In digital environment, IPRs works, information and data are able to quickly spread all over the world in a very short period and can be made globally available.⁹ Hence people are more depending and used to digital environment and day by day the economic value of digital IPRs is increasing, which creates a vast possibility to increase online IPRs related cross-border disputes. These digitalization forms of IP have challenged the traditional format of legal concept to settle online disputes among the nationals and international level.

Modern world is now moving towards online based commercial transactions and digital IPRs cover a large extent of that kind of businesses. Digital IPRs consist of copyrights (software applications, computer programs, music, e-book, etc.), online

⁴ *Supra* note 1.

⁵ Brousseau, E., "Property Rights on the Internet: Is a Specific Institutional Framework Needed?", *Journal of Economics of Innovation & New Technology*, Vol.13 (5), (2004), PP.489-507.

⁶ Gringras, C., "The Laws fo the Internet", London: Butterworths LexisNexis, (2003), p.161.

⁷ Matsuura, J. H. "Managing Intellectual Property Assets in the Digital Age", Boston; London: Artech House Inc, (2003), P.1

⁸ *ibid.*

⁹ Plenter, S. "Choice of Law Rules for Copyrights Infringements in the Global Information Infrastructure: A Never Ending Story?" *European Intellectual Property Review*, Vol. 23 (7), (2001), PP.313-320.

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databases, trademarks and domain names etc. In digital environment, there is much possibility to increase the activities of infringers for violating IPRs. To manage, protect and enforce digital IPRs properly - jurisdiction, applicable law and enforcement and acknowledgement of foreign judgments are the vital issues. Although so many initiatives have been taken to manage digital IPRs but still now the law of IPRs varies by state to state and region to region. Sometimes the courts of different countries are giving different views and opinions. In Europe, IPRs play a vital role to its economy to promote economic growth and useful innovations. The rising importance of IT and IPRs as a commodity in EU has sparked of large scope to take action on the EU level.¹⁰ EU is also taking active role to create a legal frame work and harmonize its legal system to dissolve the disputes in information society which will be suitable for functioning properly of the European Internal Market (single market concept).¹¹ Many initiatives have already been taken in Europe to harmonize its legal system for ensuring the protection of IPRs. Brussels Convention, Rome I and II Regulation, European Patent Convention, Community Trademarks Regulation, InfoSoc Directive, etc. are the few examples of such initiatives.

2. Objectives

This article is limited in scope and does not provide in-depth analysis or description on digital IPRs but describes an overview of digital IPRs and disputes settlement in European system from the European point of view. First part of this article aims to give a brief description on IPRs and its forms in the digital environment and followed by a brief overview of IPRs and transformation of IP modes on the internet. Second part of this article deals with European approach towards digital IPRs disputes settlements

¹⁰ *Supra* note 1.

¹¹ *ibid.*

through several European legal instruments. Finally the article identifies some possible future legal obstacles and challenges in order to handle IPRs issues and cross-border disputes in the digital environment.

3. IPRs in the Digital Age

Nowadays, people to a large extent are depending on the internet for daily activities and it makes life easier and swift. The main theme of the internet is that it is not only a network but ‘network of networks’ and it does not have any border. This internet or cyber world has created a new economic space in the global economy.¹² The rising internationalization of communication in the digital age, particularly on the internet, has led to a significant growing of exploitation of IP in the online.¹³ It is estimated that in the year of 2005 the total volume of the online transactions including digital IP may exceed around the world over 6 trillion USD.¹⁴ The digital form of IPRs will play a vital role in that new economic area. Particularly, digital contents such as texts, pictures, music and movies can be copied without losing quality and can be transferred to a large number of recipients all over the world at nearly zero costs.¹⁵ As a result this digital networked environment has opened multiple opportunities for businesses, users and public to a large extent to the access to information and knowledge and at the same

¹² *Supra* note 5.

¹³ Casellati, A. M., “The Evolution of Article 6.4 of the European Information Society Copyright Directive”, *Columbia VLA Journal of Law and the Arts*, Vol. 24 (4), (2000-2001), PP. 369-402.

¹⁴ Wahab, M., “Globalization and ODR: Dynamics of Change in E-Commerce Dispute Settlement”, *International Journal of Law and Information Technology*, Vol. 12 (1), (2004), PP.123-152.

¹⁵ Gasser, U., “Legal Framework and Technological Protection of Digital Content: Moving Forward towards a Best Practice Model”, *Fordham Intellectual Property, Media & Entertainment Law Journal*, Vol. 17 (39), (2006-2007), PP.39-113.

time traditional legal concept has confronted with new and different legal challenges to manage and protect digital IPRs.¹⁶

3.1. Patent Rights in the Digital Form

The main aim of patent rights is to protect technological inventions.¹⁷ Patents can be seen as the outcome indicators of applied research and technological advancement.¹⁸ A patent protects novel and non-obvious ideas and not mere the expressions of those ideas.¹⁹ The patent system is meant to protect technology, actual machines, devices and new chemical compositions rather than pure concepts.²⁰ Generally this system seeks to promote the continuation of intellectual community and industrial and technological development.²¹

In Europe, European Patent Convention (EPC) 2001 is usually followed by every member state of European Union (EU). To grant patent rights under this Convention, the applicant must have to show that

- i) the invention is new or novel;
- ii) it involves an inventive step;
- iii) the invention is capable of industrial application;
- iv) and the subject matter of the patent is permitted by EPC.²²

¹⁶ *ibid.*

¹⁷ Jolly, A., “Handbook Intellectual Property Management: Protecting, Developing and Exploiting your IP Assets”, Kogan Page Limited, (2004), p. 9.

¹⁸ Heinze, T., “Nanoscience and Nanotechnology in Europe: Analysis of Publications and Patent Applications including Comparisons with the United States”, *Journal of Nanotechnology Law and Business*, Vol. 1 (4) (2004).

¹⁹ *ibid.*

²⁰ Zekos, D.G., “Nanotechnology and Biotechnology Patents”, *International Journal of Law and Information Technology*, Vol. 14, (2006), p. 310.

²¹ Nagesh, R.G., “A look into the Future of Arising Legal Dilemmas”, *Albany Law Journal of Science & Technology*, (2007).

²² Lloyd, I., “Information Technology Law”(Fifth Edition ed.), Oxford University Press, (2008), p. 295.

Moreover Article 52(2) of the EPC provides non-patentability criteria. They are:

- (a) discoveries, scientific theories and mathematical methods;
- (b) aesthetic creations;
- (c) schemes, rules and methods for performing mental acts, playing games or doing business and programs for computers;
- (d) presentation of information.

Article 57 of the EPC further states that ‘An invention shall be considered as susceptible of industrial application if it can be made or used in any kind industry, including agriculture.’

EPC does not make clear about the ‘computer program’. But it can be seen that only the programs of computer is restricted for patent claim not the software or computers in the general sense.²³ In the *IBM’s Application case*

Some computer program is patentable when the program runs on a computer or loaded into a computer brings about or is capable of bringing about, a technical effect which goes beyond the normal physical interactions between the program (software) and the computer (hardware) on which it is run.²⁴

It’s obvious that in the EU region, patent rights in the field of IT will also play a significant role.²⁵ According to the Report of Parliamentary Office of Science and Technology (March, 1996) on ‘Patents, Research and Technology’ revealed that in the last 10 years EPO had granted nearly 10,000 patents for software related

²³ Angel, E. b., ‘Computer Law: The Law and Regulation of Information Technology’, (Sixth Edition ed.), Oxford University Press, (2007), p. 290.

²⁴ T-0953/97 with further reference to *ibid*, p. 292.

²⁵ *Supra* note 22, p. 300.

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inventions and only 100 applicants were refused.²⁶ Although EPC requires that software related inventions be catalogued by reference in their field of application rather than the software material and the subject assessment of calculation but in 2003, EPO has been issued nearly 30,000 software patents.²⁷ These types of software easily can be available in the internet and have potential risk for infringement in the digital environment.

3.2. Copyrights in the Digital Form

The copyright system has been evolved for promoting and advancing knowledge.²⁸ It is sure to the founding fathers that the objective of copyrights can be fulfilled to protect property rights of authors or creators have in the products of their creative work.²⁹ But copyrights do not protect any mere idea.³⁰ It is fundamental in general sense that copyright mainly protects the *work* from copying.³¹ It is important that huge scale of illegal copying will cause bad impact on creation and also make creation less value in the economic perspective.³² Generally to get copyright protection, the work should be original.³³ Copyright can also be divided into two parts, i.e. i) economic rights and ii) moral rights. In Europe copyright plays an important part in the sense of an internal market for new products and services.³⁴ Copyright protected works can be

²⁶ *ibid.*

²⁷ *ibid.*, p. 301.

²⁸ Cavazos, E. E., & Morin, G., "Cyber Space and the Law: Your Rights and Duties in the Online World", London: The MIT Press, (1995).

²⁹ *ibid.*

³⁰ Stokes, S., "Digital Copyrights: Law and Copyrights", Oxford and Portland, Oregon: Hart Publishing, (2005), p.17.

³¹ *ibid.*, p. 20.

³² Geach, N., "The future of copyright in the age of convergence: Is a new approach needed for the new media world?" *International Review of Law, Computers & Technology*, Vol. 23 (1-2), (2009), PP.131-142.

³³ *Supra* note 30, p. 24.

³⁴ *Supra* note 1.

existing either in analogue form or in digital form. According to the Berne Convention³⁵ copyright protected work is any

- a) original literary works;
- b) original dramatic works (including a work of dance or mime) and musical works;
- c) original artistic works, i.e. a graphic work (painting, drawing, map, chart or plan, engraving, etching lithograph, woodcut or similar works), photograph, sculpture or collage, a work of architecture (a building model).
- d) the typographical arrangement of published edition.³⁶

Few types of copyright protected works can exist in digital form, they can be termed as 'digital copyright' works; they are

- a) computer programs (which are considered as literary works);
- b) database (it can also exist in paper form);
- c) computer generated literary, dramatic, musical or artistic works;
- d) literary works (in digital form);
- e) dramatic works;
- f) musical works;
- g) films;
- h) broadcast to public by electronic means;
- j) typeface;

Including the above mentioned criteria there are also several works that can be termed as 'digital copyright' works (computer games, online databases and online related other works). The so called 'cloud computing' conveys the copyright work into new digital form and makes more economically potential. It can be said that when anyone without due process or permission of the right owner use or distribute or make publicly available those works, can be

³⁵ The Berne Convention for the Protection of Literary and Artistic Works, 1979.

³⁶ *Supra* note 30.

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treated as copyrights infringements. But certain uses are exempted from copyright infringement; they are non commercial purpose, research work or academic purpose.³⁷

As virtual world is borderless and the cyber –forensic and security system are not still matured enough, the digital form of IPRs is more dangerous to infringements by every sector of society and more possibility to infringement of copyright which are in digital form.³⁸ Online technology has turned the copyrights to cross roads.³⁹ In the virtual world, anyone can infringe the digital copyright from anywhere of the world or from any jurisdiction. Digitization makes easier information to be produced, disseminated and utilized by uniform way. That allows copying, alteration and use much easier at low cost that with traditional media.⁴⁰ File sharing system (P2P Services) and the use thereof; without doubt that it is the most commonly used way of violating copyright works today.⁴¹ It is alarming that this digitization and online networking system are cause to push in danger position to the right holders and creating potentials for IPRs infringement if the digital rights management system is not strongly implemented.⁴² There is a great problem to protect IPRs because of that rights are followed by territorial base (principle of territoriality). Although principle of national treatment has been established by different international convention but to settle the digital IPRs dispute, still the jurisdiction, applicable law and acknowledgement of foreign judgments are big factors.

³⁷ *Supra* note 30, p. 40.

³⁸ Available at :

http://www.ibls.com/internet_law_news_portal_view.aspx?s=latestnews&id=1711
(last visited 2010/03/05).

³⁹ *Supra* note 30, p. 20.

⁴⁰ *Supra* note 1.

⁴¹ Halldorsdottir, H., “Scandinavian Studies in Law”(Vol. 47). (P. Wahlgren, Ed.) Stockholm: The Stockholm University Law Faculty, (2004), p. 156.

⁴² *Supra* note 1.

In Europe, InfoSoc Directive⁴³ has been passed to ensure copyrights on the internet environment and provides some measures to ensure the copyright of right holders. The main aim of the Directive is to protect digital IP works, particularly, the general rights of authors and artists to the copying of works, to their public dissemination and to the business purpose use of protected IP assets are extended to various form of Internet-presentations.⁴⁴ One of them is ‘injunction’. Article 8(3) of the InfoSoc Directive states that the Member States shall ensure that right holders are in position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.⁴⁵ Recital 59 of the InfoSoc Directive also explains the Article. It states that the services of intermediaries may increasingly be used by third parties for infringing activities, in particular in the digital environment. Right holders thus are able to apply for an injunction against intermediaries who carry a third party infringement of protected works or other subject matters in a network.⁴⁶ These conditions and modalities of such injunctions as provided for in Article 8(3) in the InfoSoc Directive are left to the national law of the Member States. Art. 6(1) and (2) of the Directive establishes the scope and Art. 6(3) set both the definition of the technological protection measures. The scope of protection is broad and obliges Member States to protect right holders against both the act of circumvention of effective technological measure as well as against the trafficking in circumvention devices and services. The Directive refers to Digital Rights Management

⁴³ Directive 2001/29/EC of The European Parliament and of the Council on the harmonization of certain aspects of Copyrights and Related Rights in the Information Society.

⁴⁴ Weber, R. H., ‘Does Intellectual Property Become Unimportant in Cyberspace?’’, *International Journal of Law and Information Technology*, Vol. 9 (2), (2001), PP. 171-187.

⁴⁵ *Supra* note 41.

⁴⁶ *Ibid.*

(DRM) for protecting copyright works in the digital environment as a technological measure.

3.3. Trademarks in the Digital Form

Like patents and copyrights, trademarks rights are also a key component of IPRs.⁴⁷ Trademarks are generally used as the identifiers of the commercial products and services for consumers.⁴⁸ Trademarks can also exist in virtual form and present the business products and services from its competitors. The most general form of trademarks is works, logos, symbols and music.⁴⁹ The ultimate aim of trademark is to protect consumers from confusion and misappropriation. In 1988, EU passed a Council Directive ‘to approximate the laws of the Member States relating to trademarks’ and in 1993 passed a Council Regulation ‘On the Community trademark’ to operate at the same direction in the national level.⁵⁰ According Article 2 of the 1988 Council Directive on trademark, defines trademarks as

A trademark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provide that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

As like as other types of products and services, IT products also need trademark protection.⁵¹ Nowadays in cyberspace, many businesses want to establish a presence in the virtual world. In

⁴⁷ *Supra* note 22, PP. 224-243.

⁴⁸ *Supra* note 7, p. 49.

⁴⁹ *ibid*, p. 50.

⁵⁰ *Supra* note 22, PP. 224-243.

⁵¹ *Ibid*.

general, the business companies want to register its domain name which represents their real life identity.⁵² The domain name responsible agencies usually followed 'first come, first served' policy. It can be obtained by anyone from anywhere of the world.⁵³

3.4. Online Trademarks Disputes Resolution

To combat cross-border trademarks conflicts over internet, there is a Uniform Domain Name Dispute Resolution Policy (UDRP) which has been adopted by Internet Corporation for Assigned Names and Numbers (ICANN); it is effective in worldwide. This policy has been adopted by all accredited domain-name registrars for domain names ending in .com, .net, and .org. It has also been adopted by certain managers of country-code top level domains (e.g. .nu, .se, .tv, .ws). The policy requires applicants in the event of any claims for domain names to submit to mandatory dispute resolution procedures. According to the ICANN Rules four organizations were recognized as offering dispute resolution services, they are

- i) The Asian Domain Name Dispute Resolution Centre;
- ii) CPR Institute for Dispute Resolution;
- iii) The National Arbitration Forum; and
- iv) The World Intellectual Property Organization.

According to Art.4(c) of UDRP of ICANN, before file a complaint against a domain name one must have to satisfy the followings:

- a) the domain name is identical or confusing similar to a trademark or service mark;
- b) the proprietor of the domain name has not legitimate interest in respect of the domain name;
- c) the domain name has been registered and is being used in malafide.

⁵² *ibid*, p. 240.

⁵³ *ibid*.

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There is a *case*⁵⁴ decision where the case involved a French claimant suing a German domain name registrant for infringement of its local trade mark rights in France. No infringement was found where the defendant's site was accessible in France, its products were similar to the claimant's and intended for sale in Europe generally. What was required for infringement was that there were actual sales to forum residents. A very recent Australian decision has addressed these issues. In *Ward Group Pty Ltd v Brodie and Stone Plc*,⁵⁵ the court dismissed claims for passing-off and trade mark infringement where advertising on a foreign-based website was "not specifically targeted or directed at customers in Australia [but rather] potential purchasers anywhere in the world at large". The majority of decisions in other Commonwealth countries also require evidence of directly targeting or solicitation of customers in the forum before applying local law in trade mark infringement actions.⁵⁶ In a series of English cases, courts have consistently found that the mere placing of material on a foreign website that was accessible to users in England did not amount to a "use" of the mark within the forum.⁵⁷

4. European approach towards Digital IPRs Dispute Settlement

Internet is sometimes called 'Super Information Highway' or 'Global Information Infrastructure'.⁵⁸ In the physical world, it is

⁵⁴ Garnett, R., "Cross Border Internet Trade Mark Litigation: Towards A Models of Co-Existence and Parallel Use", *Journal of European Intellectual Property Review*, Vol. 24 (4), (2006), PP.213-219, Re *domina.net*, summarized in English in [2003] E.I.P.R. N-129 (Paris High Court).

⁵⁵ [2005] F.C.A. 471 (Federal Court of Australia).

⁵⁶ Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

⁵⁷ *Euro market Designs Inc v Peters* [2001] F.S.R. 20 (QB Com. Ct); *800-Flowers* [2002] F.S.R. 12 (Eng. CA).

⁵⁸ Visser, C., "Choice of Law in Internet Copyright Disputes", *South African Mercantile Law Journal*, Vol.11, (1999), PP. 268-281.

quite normal and a general principle that the laws of a particular country will only have effect within the boundaries of that jurisdiction and that principle generally applies in a straightforward way.⁵⁹ The geographical presence of an actor at the relevant time may be considered to determine the jurisdiction and applicable law.⁶⁰ But in the virtual world there is no fence and border. Anyone can commit any virtual crime or infringe others' rights from anywhere in the world. In many cases parties to the internet transaction are faced with overlapping and sometimes contradictory claims.⁶¹ While the business sector is overwhelmingly depending on internet, future economic growth of a country with a large extent will depend on its transparency and trust worthy acts. Hence conflicts in the internet transaction, we need much care to resolve the disputes.⁶² But in cyberspace the tough thing is that to trace out its component elements, the human and pertaining actors and the computing and communications equipment through which the transaction is taken place. All have a real-world existence and are located in one or more real world legal jurisdiction.⁶³ These tangible elements of cyberspace are sufficient to give national jurisdictions legally justifiable for claiming jurisdiction over, and the applicability of their laws to, internet dispute.⁶⁴ For this reason one of the burning questions in the cyberspace law is the application of private international law. To establish e-justice in the virtual world some legal issues are most important, they are:

⁵⁹ Reed, C., "Internet Law: Text and Materials", (Second Edition ed.). Cambridge University Press, (2004).

⁶⁰ *ibid.*

⁶¹ *ibid.*

⁶² *ibid.*

⁶³ *ibid.*

⁶⁴ *ibid.*

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- a) Court's jurisdiction (where an online activity has cross-border element);
- b) Whether a national Government is able to apply its legislation to internet activities which occur in different jurisdictions (applicable law);
- c) Acknowledgement of foreign judgments.

4.1. Jurisdictional Issues

A new idea has been emerged that internet will change the forms of private international law.⁶⁵ Before discussing about jurisdiction, a short description is given on who is entitle to ask for remedies, measures and sanctions in order to stop the infringing activities. Article 4 of the Enforcement Directive⁶⁶ states that member States shall recognize a person entitled to seek application of the measure, procedures and remedies for the following reasons:

- a) the holders of the IPRs;
- b) all other persons authorized to use those rights (e.g. licenses);
- c) collective right management bodies;
- d) professional defense bodies;

In Europe, first measure taken on conflict of laws in 1968 Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial matters, this convention is popularly known as Brussels Conventions. There were two reasons behind the purpose of the Brussels Conventions, first to set out uniform rules among the European Member States (except UK, Ireland, Denmark) for the assumption of jurisdiction; second to lay down

⁶⁵ Dessemontet, F., "A European Point of View on the ALI Principles: Intellectual Property: Principles Governing jurisdictions, Choice of Law, And Judgments in Transitional Disputes", *Brook Journal of International Law*, (2004-2005), PP.849-863.

⁶⁶ Directive 2004/48/EC of The European Parliament and of the Council on the Enforcement of Intellectual Property Rights.

uniform rules relating to the recognition and enforcement of civil and commercial judgments among the Member States.⁶⁷ After that EU Member States passed Council Regulation (EC) No 44/2001⁶⁸ (commonly known as Brussels Regulation) on the jurisdiction and the recognition of judgments in civil and commercial matters. Article 2 of the Regulation⁶⁹, provides the general rules on jurisdiction. It states that ‘Person domiciled in a Member State shall whatever their nationality, be sued in the courts of that Member State.’ This provision is mainly indicating the uniform jurisdiction rules in EU Member States. Basically the general principle in case of conflict of laws is that the suit is to be brought where the defendant domiciled. Article 5 provides some special jurisdiction provision, which mentions some exceptions and sometime the infringement of IPRs is considered as tort, delict and quasi delict, Article 5(3) of the Regulation provides the rules of special jurisdiction. It states-

A person domiciled in a Member State may, in another Member State, be sued – in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur.⁷⁰

It has to be mention that most of the digital IPRs infringements have been occurred without contractual obligation. In case of IPRs, Brussels Regulation specified about *Exclusive Jurisdiction* provisions. Article 22(4) of this Regulation clearly states-

⁶⁷ Nott, S.M., ‘For Better Or Worse? The Europeanisation Of The Conflict Of Laws’. *Liverpool Law Review*, Vol. 24, (2002), PP.3-17.

⁶⁸ Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and Enforcement of Judgments in Civil and commercial Matters.

⁶⁹ *ibid.*

⁷⁰ *ibid.*

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In proceeding concerned with the registration or validity of patents, trademarks, designs, or other similar rights required to be deposited or registered, the courts of the Member States in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place.

Moreover, Chapter III, Article 33 to 52 of the Brussels Regulations deals with Recognition and Enforcement provisions of judgment of the foreign court. Article 33 of the Brussels Regulation states ‘A judgment given in a Member State shall be recognized in the other Member States without any special procedure being required.’ Although there is no special provision for digital IPRs but it has to be assumed that in case of any dispute regarding IPRs Article 22 of the Brussels Regulations will be applied if there is no contractual obligation.

In the real world it is quite easy to find out where the harmful event occurred but in the virtual world it is very difficult to find out the existence of the offender and his/her area. The place where the technological establishment is situated, normally that place is taken into account to fix the jurisdiction.⁷¹

4.2. Applicable Law Issues

In case of choice of law, there is an international doctrine that *les loci delicti* ‘the law of the place of the wrong’.⁷² Some nations still follow the rule in the world. But this choice of law rule is not so

⁷¹ *Supra* note 59, p. 232.

⁷² Burnstein, M. R., ‘Conflict or the Net: Choice of Law in Transnational Cyberspace’, *Vanderbilt Journal of Transnational Law*, Vol. 29 (75), (1996), PP.75-116.

functionable in the cyber world.⁷³ Another approach taken in the choice of law is ‘most significant relationship’ approach, i.e. the place of domicile of the parties and the place where the parties’ relationship is centered.⁷⁴ In Europe, after the Brussels Convention, in 1980, there was a Convention on the Applicable law, which is commonly known as Rome Convention.⁷⁵ After that two Regulations were passed (Rome I and Rome II Regulation) by the European Parliament on the applicable law to contractual and non-contractual obligation. While most of the infringement of digital IPRs are non-contractual and considered as tortuous Rome II Regulation is generally applicable. Article 4 of the Rome II Regulation⁷⁶ provides the general rules regarding applicable law. It states-

1. Unless otherwise provided for in this Regulation, the law applicable to a non-contractual obligation arising out of a tort/delict shall be the law of the country in which the damage occurs irrespective of the country in which the event giving rise to the damage occurred and irrespective of the country or countries in which the indirect consequences of that event occur.
2. However, where the person claimed to be liable and the person sustaining damage both have their habitual residence in the same country at the time when the damage occurs, the law of that country shall apply.

⁷³ *ibid.*

⁷⁴ *ibid.*

⁷⁵ *Supra* note 67.

⁷⁶ Regulation (EC) No 864/2007 of the European Parliament and of the Council on the law applicable to non-contractual obligations.

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It has to be mention that IPRs are territory based rights and Article 8 of the Rome II Regulation specifically mentions about the infringement of IPRs. It states-

1. The law applicable to a non-contractual obligations arising from an infringement of an IPR shall be the law of the country for which protection is claimed;

It also states that those IPRs which are regulated by the Community legal instrument (e.g. Community Trademark Regulation) will be settled by that specific regulation, if there is no specific provision in the Community instrument, and then applicable law will be the law of the country in which the act of infringement was committed.

In case of any digital IPRs disputes which has contractual obligation in that case Rome I Regulation⁷⁷ will be applicable. Article 2 of the Rome I Regulation⁷⁸ declares the ‘Universal application’; it states that ‘any law will be applicable which is specified in this regulation, whether or not it is the law of the Member State’. Article 3 of the Rome I Regulation gives the ‘Freedom of Choice’ of applicable law to the parties. In this case, the contract shall be governed by the law of the country chosen by the parties.

Beside the dispute settlement by court, there is also Alternative Dispute Resolution (ADR) system according to the WIPO (World Intellectual Property Organization) direction to settle the digital IPRs disputes. Day by day this ADR system is becoming very popular because of too procedural steps and expensive in the courts system. In the European Commission’s Green Paper on ADR, it

⁷⁷ Regulation (EC) No 593/2008 of the European Parliament and of the Council, on the Law Applicable to Contractual Obligations.

⁷⁸ *ibid.*

was stated that one of the main cause for the popularity of ADR is that it has attracted special attention in the political arena, particularly supported in the area of information society, the paper suggest that virtual dispute can be settled by Online-based Dispute Resolution (ODR), where the role of ODR services in ADR, as a web-based cross border dispute resolution is being progressively accentuated.⁷⁹ This system (ODR) is swift, cheap and comfortable and conducted from cyberspace to cyberspace without any necessity of presence in a specific location for in person hearing, negotiation or mediation sessions.⁸⁰ Although for successful ODR system, impartiality, confidentiality, trusted online technology, privacy, transparency, costs, responsibilities and accountability, enforcement of settlement awards are the key factors and challenging issues.⁸¹

5. Some Challenges to Protect Digital IPRs

In knowledge based society, there is no doubt that IT has created huge effects on many aspects in social, economic, cultural and legal systems.⁸² IT is also a significant tool for innovation and augments of knowledge creation. The aim of the IP is to encourage innovation and new knowledge and give monopoly power to the right holders. In cyberspace, it is a challenging issue to protect the IPRs as in the digital forms of IP products can be copied numerously and able to transfer all over the world with minimal cost. While cyberspace is an untouched territory, to manage and enforce digital IPRs need to reshape the old political and legal

⁷⁹ *Supra* note 14.

⁸⁰ *ibid.*

⁸¹ *ibid.*

⁸² Samuelson, P., ‘‘Five Challenges for Regulating the Global Information Society’’. In C. T. Marsden (Ed.), *Regulating Global Information Society* (Second ed), pp. 317-332. London & Newyork: Routledge of Taylor & Francis Group, (2005).

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rules and views in national, regional and international level.⁸³ In Europe, EU has to announce at least one new specific IPRs regulation to meet the challenges of information age.⁸⁴

One of the main problems for protection of digital IPRs is in respect of its enforcement. With the development of technology it has become obvious that IP law is not in a position to cope with the present pace of technological progress.⁸⁵ It is doubtful that how legal rules will be applied and overcome considering the inherent 'ownership' on the internet.⁸⁶ From the previous experience it is clear that internet has been increasing the chance and make easier to copy as perfectly as original works.⁸⁷ Furthermore, the compliance of internet users with copying provisions is less strong than their compliance with other legal restrictions. With considering other traditional criminal matters, the consciousness and awareness are low about the unlawfully copying of certain documents or files which are copyright protected.⁸⁸ Also proving copyright infringements in the cyberspace is very difficult for legal and technical non-advancement. Few obstacles may arise particularly in the copyrighted works, as we know copyrights started from the creation of the work and it does not require any formal registration.⁸⁹ In the particular cases, to find the ownerships of the copyright protected works might be difficult in the internet environment.⁹⁰ Although a presumption is established, which has

⁸³ Hutter, M., 'Efficiency, Viability and the New Rules of the Internet', *European Journal of Law and Economics*, Vol. 11 (1), (2001), PP. 5-22.

⁸⁴ *Supra* note 82.

⁸⁵ *Supra* note 44.

⁸⁶ *ibid.*

⁸⁷ *ibid.*

⁸⁸ *Supra* note 44.

⁸⁹ Bonadio, E., 'Remedies and Sanctions for the Infringement of Search Term Begin Intellectual Property Rights Search Term End Under EC Law', *Journal of European Intellectual Property Review*, Vol. 30 (8), (2008), PP.320-327.

⁹⁰ *ibid.*

been inserted in the InfoSoc Directive and also stated in the Bern Convention, whereby the author of a literary work is entitled to institute infringement proceedings.⁹¹

There are two steps that can be taken to protect digital IPRs. The first one is technological measure and second is legislative measure. Without proper technological protection it is quite impossible to tress out the infringer and infringement of digital IPRs. But technology changes in everyday process and it is a continuing process. Nowadays in the developed countries, to protect digital IPRs, DRM (Digital Rights Management) system has been strongly introduced to protect IPRs.⁹² The WIPO Internet Treaty does not mention any technological measure because technology is changing rapidly and to change law to cope with the technology is sometime difficult.⁹³ But it mentioned to take the 'effective' measures. In Europe, InfoSoc Directive also addresses the DRM system as 'effective technical measure'.⁹⁴ DRM system introduces efficacious and reliable measures to fight against commercial piracy and unethical, illegal file sharing.⁹⁵ Besides, DRM systems there are other technological measures to protect digital IPRs; they are Digital Watermarking System, Serial Copy Management System (SCMS) which allow the copies from original but not from another copy⁹⁶ and Trusted System. DRM system is used to 'remote control' of digital contents; generally it secures the smooth and trusted movement of digital works from creators to publishers to retailer and consumers. DRM system mainly does two actions; it maintains the 'access control' and 'rights control'.

⁹¹ *ibid.*

⁹² Lucchi, N., "Digital Media and Intellectual Property", Springer Berlin Heidelberg, (2006).

⁹³ *Supra* note 15.

⁹⁴ *Supra* note 92.

⁹⁵ *Supra* note 92.

⁹⁶ *Supra* note 13.

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But some critiques argue that ‘these means can also individually control users’ behavior presenting a powerful threat to freedom of expression as well as privacy.’⁹⁷ It has to be mentioned that in DRM system, it will become more difficult to manage some users’ rights and exceptions under the *fair use doctrine*.⁹⁸ In the DRM system, contract between consumers and rights holder is realized on unfairness situation. Because in the contract there may be some ‘invisible terms’ connected with the use of technological protection measure. Thus in short, it can be said that in DRM systems the restrictions imposed by technological measures are frequently unclear to consumers. There is a possibility in this system that the right holder’s rights and power will increase to set excessive conditions on consumers.⁹⁹ The main problem is that consumers entered into a contract where they have no negotiation options (non-negotiable agreement) at all because the content owner unilaterally fixed and set terms and conditions of the contract and limiting consumers’ behavior by technological protection measures.¹⁰⁰ It is obviously a challenge in the European Community to set a fair balance in the digital environment between right holder and consumer rights in future.

It is a challenge to manage and control digital IPRs is to create uniform legal system in the Regional and International level. In internet anyone can go anywhere of the world and in any territory. Thus international harmonization is very much necessary. It is true that in the developing and least developing countries online IPRs violation is common and the infringer is taking the chance because of there is no international political consensus regarding digital IPRs, otherwise the less technological developed countries will be

⁹⁷ *Supra* note 92.

⁹⁸ *ibid.*

⁹⁹ *ibid.*

¹⁰⁰ *ibid.*

the heaven for IP infringers and will create difficult situation in the IP regime.

6. Concluding Remarks

In a knowledge based society, IPRs play a vital role and have a great economic value. For further innovation and investment in a country, the protection of IPRs is necessary. In a modern social structure, IT is becoming a compulsory tool for communication, education and entertainment. The increasing speed of social and technological interaction and the advancement of online technology with the wheeling of time, the forms of IP now convert into digital types in the online environment and also increase the online exploitation of IP. This advancement of online technology makes us able to copy digital IP contents numerous times with the same quality of original copy and within a very short time we can transmit that digital IP around the world with nearly zero costs. This situation pushes the legal arena in a challenging battle field to protect digital IPRs. As we know internet is a borderless world and there is no restriction regarding jurisdiction. Anyone can do anything from jurisdiction of the world in the internet. To protect digital IPRs and settle the cross-border disputes- enforcement, jurisdiction, applicable law and acknowledgement of foreign judgments are vital and challenging issues.

In Europe, although there is no specific law for the protection of digital IPRs but the online cross-border disputes related with IPRs are solved by EU Directives and Regulations on the issues of enforcement, jurisdiction and applicable law. Moreover many online experts are giving emphasis on technological measures instead of legislative measures. This technological measure has also some drawbacks because it will not able to separate business purpose use and fair use and also threat for individual privacy. In some aspects technological measure may hamper the ultimate purpose of the IPRs and may create obstacles to right to

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knowledge, one example is *fair use* doctrine. It is a great challenging task to make a fair balance between consumer and IPRs owner rights by taking legislative measure. It is true that in the online trademark disputes, the world is now reaching to an international uniform regulation but other fields of IPRs are still need strong harmonization in the international level. Finally, it can be concluded that without a sound international harmonization rules for the online disputes, the digital IPRs will not be protected properly because infringers of IPRs may take the opportunity of poor technological infrastructure and poor legal enforcement system of the developing and least developing countries. It is requiring immediate attention to adopt a uniform rule in the international level to solve the cross-border disputes related with digital IPRs.