

KAMRAN IMANOV

**ROLE OF INTELLECTUAL
PROPERTY RIGHTS IN
DEVELOPMENT OF
AZERBAIJAN**

Baku – 2018

Kamran İmanov,

Chairman of Board of the Intellectual Property Agency of the Republic of Azerbaijan.

Role of intellectual property rights in development of Azerbaijan. Baku, 2018

This brochure has been prepared on the basis of the presentation, by the Chairman of Board of the Intellectual Property Agency of the Republic of Azerbaijan Kamran İmanov named “Role of IP rights in development of Azerbaijan” made at Seminar on “IP rights for SMEs” held in 27-28 February 2017, jointly organized by Commercial Law Development Program of United States Department of Council and US Embassy to Azerbaijan in cooperation with Copyright Agency.

© **Copyright Agency of the Republic of Azerbaijan
2017, 2018**

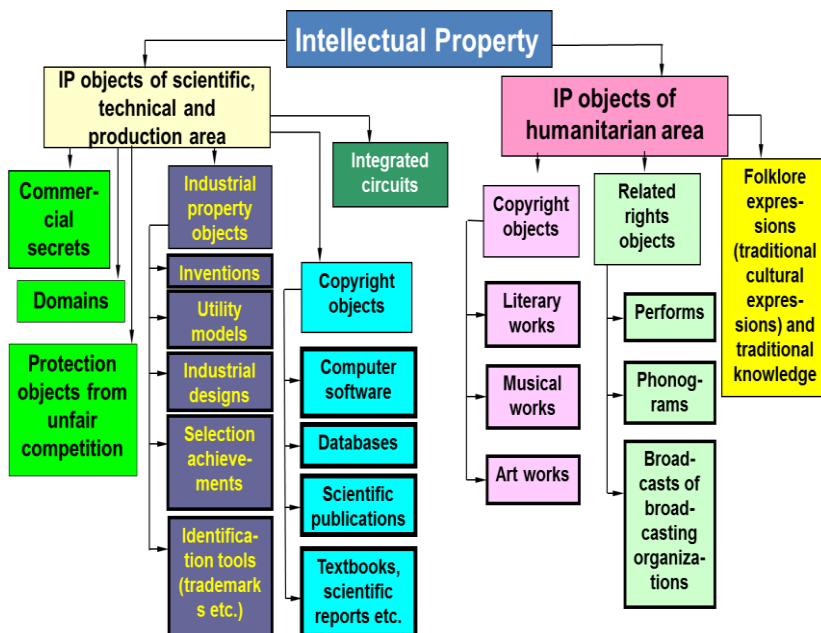
© **Intellectual Property Agency of the Republic of
Azerbaijan, 2018**

Content

I.	Intellectual Property in modern digital era	5
II.	National Copyright system of Azerbaijan	9
III.	Copyright Agency in figures and facts (last 5 years: 2012 to 2016)	22
IV.	Look into the future of Copyright system and search for answers to challenges	63

I. Intellectual Property in Modern Digital Era

1. A common sight of Intellectual Property objects in Azerbaijan.



1.1. 3 branches of IP:

- Copyright and similar (*including related*) rights,
- Patent rights (*including trademarks*),
- Non-traditional rights (*folklore* (TCE) and *Traditional Knowledge* (TK)).

1.2. IPR = exclusive rights for use (*Superiority of right holder*), in some sense analogy of the concept of “property” in material world.

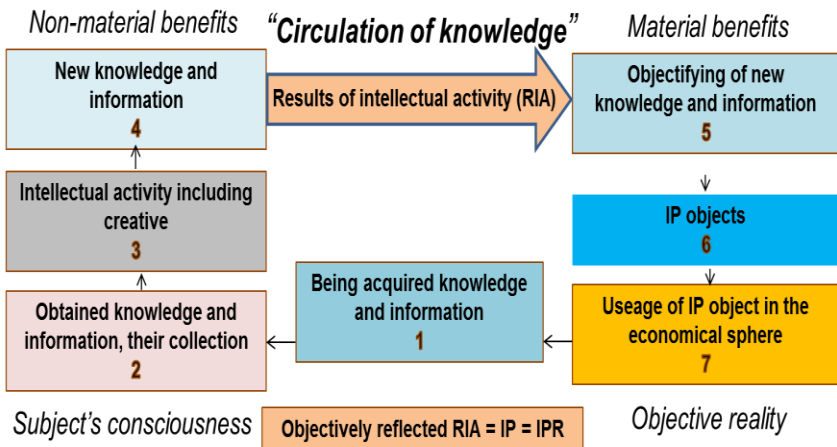
1.3. IPR = Property (*commercial*) rights – (*term*) + non-commercial (*personal*) rights – (*permanent*).

1.4. Commercial rights belong to all kinds of IP objects, non-commercial rights on the base of creativity - to all kinds of works (*copyright*), inventions, utility models, industrial designs (patent right) and layout designs of integrated circuits (*rights similar to copyright*).

1.5. In non-traditional rights (TCE and TK) commercial and non-commercial rights are inseparable and are identified as property of Azerbaijani nation.

2. Creation of intellectual property (IP), intellectual activity (IA), results of intellectual activity (RIA) and circulation of knowledge.

1. IP is derived from knowledge and becomes the source of knowledge.
2. Circulation of knowledge: IA → RIA → IP.
3. Objectively reflected RIA = IP or IPR.
4. Transformation of knowledge to non-material and material blessings.



It is the duty that creates the right and not the right that creates the duty.
(Chateaubriand)

3. IP in civil-law space.

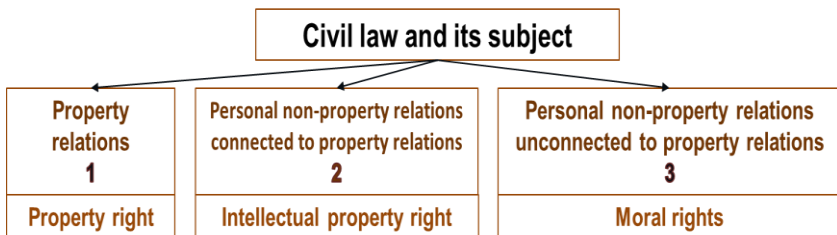
3.1. The reason for which IP is recognized: State comprehends that the society takes benefit and profit (*not only respect to creators*).

3.2. Principle of recognition of IP: Balance policy, a set of compromises.

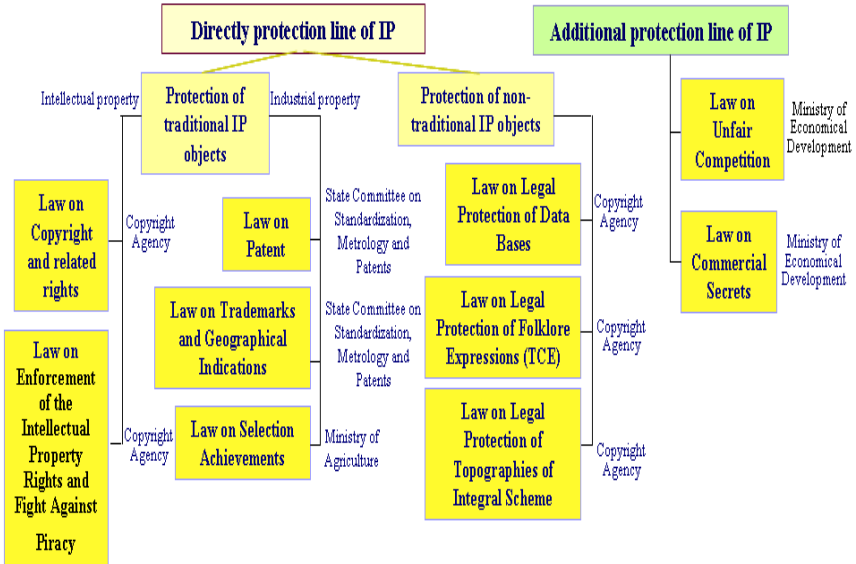
3.3. IPR – exclusive rights granted to creators of RIA and right holders for protection of RIA.

3.4. Intellectual property doctrine of Azerbaijan: IP - is a property completing independent institute and property right.

3.5. IP – An integral part of civil law (*non-material blessing having property value (RIA)*).



4. Legislative base and disposal of intellectual property.



2 protection lines State protecting IPR in Azerbaijan:

4.1. I line – 8 indicated Laws and provisions of relevant Codes.

4.2. II line – 2 Laws – Laws «on Unfair Competition» and «on Trade Secret».

II. National copyright system of Azerbaijan

1. Main goals and principles of copyright in modern era.

1.1. **Main goal** comes forward from **social usefulness** of copyright – providing balance of right holders interests and **fair use doctrine** serving for this goal (*balance between encouragement of creative results and free use for social needs*).

1.2. Analyze shows that copyright history of XIX-XX century is harmonization of legal norms to constantly changing technologies (*Telegraph, photo, radio, writing equipments, computer, Internet*).

1.3. «*Internet changes everything and if copyright stands on its way, it will also change*» (E. Samuels). Actually, modern changes of copyright are related with digital image of copyright objects and internet technologies and those changes are the following:

- Formation of interactive right, change of essence of “copy” concept and development of “availability” concept instead (Usually through violation of rights);

- development of “fair use” concept;

- development of technological enforcement means and severe regulation of “fair use” through them (usually infringement);

- impact of “techno creativity” derivative works including fragmentation, mixing, multiplication, digital sampling, animation, mash-ups, etc. Over “originality” criterion;

- impact of interactive distribution servers (Wikipedia, Facebook, MySpace), platforms (YouTube, Flickr) and blogs (Twitter, P2P, Bit Torrent) on piracy.

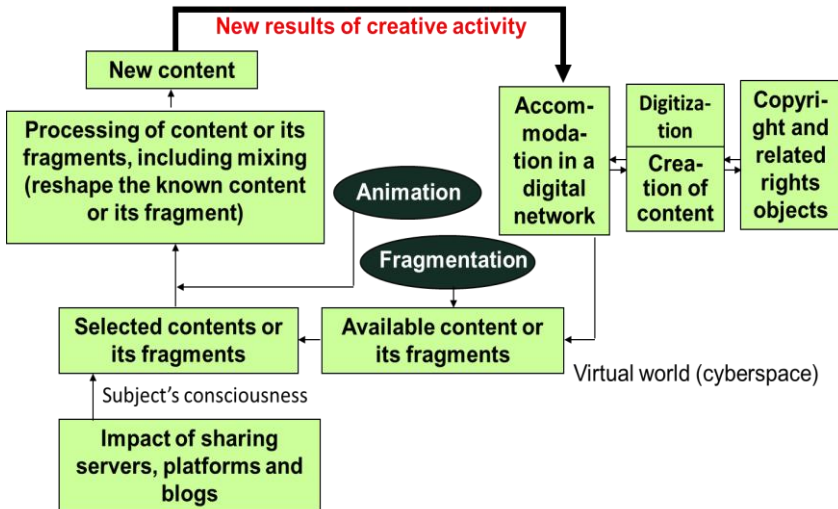
1.4. Along with that changing trends in the macro environment of copyright:

- **Economic transition** from materialism to non-materiality (*at the moment 20% are material and 80% non-material assets and this tendency is continuing rapidly*);
- Expansion of coverage of internet and migration of IP objects (especially those protected under copyright) to global net (“Internet for Things”, “Cloud calculations”, Facebook, “Twitter” etc.);
- **Geopolitical transition** of knowledge technologies from West to East (*the share of investments to knowledge creating researches have been 24% in 1999, 32% in 2009 and increases gradually*);
- **Political transition** of IP from official circle (government bodies) to non-governmental subjects (for example SOPA, PIPA, ACTA - *rejection of draft Laws*).

1.5. As a rule, Copyright system of Azerbaijan takes into account indicated issues.

2. Let's have a look to circulation of content for example (with circulation of knowledge).

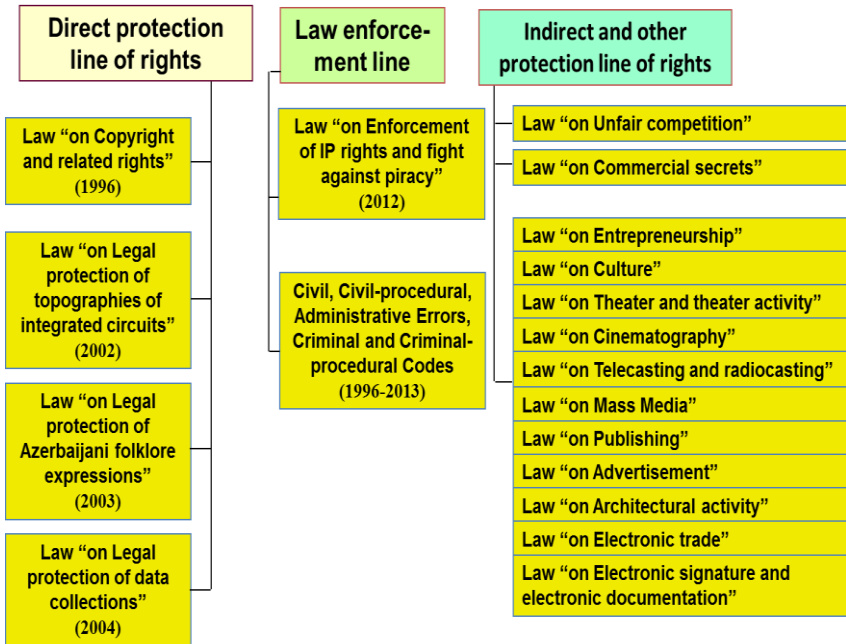
2.1.



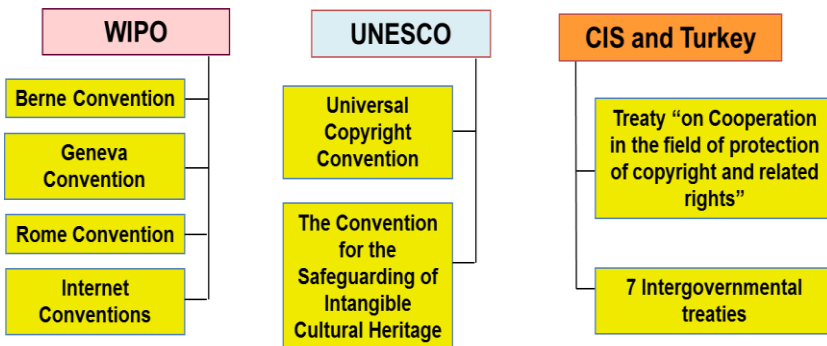
2.2. Here:

- ❖ Content – is the meaning of IP object which is digitalized, networked ready to be distributed and not restricted by its form.
- ❖ Decreasing the importance of the form of presentation of object and accenting on the meaning in content.
- ❖ Production and processing of content (reproduction), fragmentation etc. is provided through creation of new forms as a result of operations between itself and parts and interactive distribution.

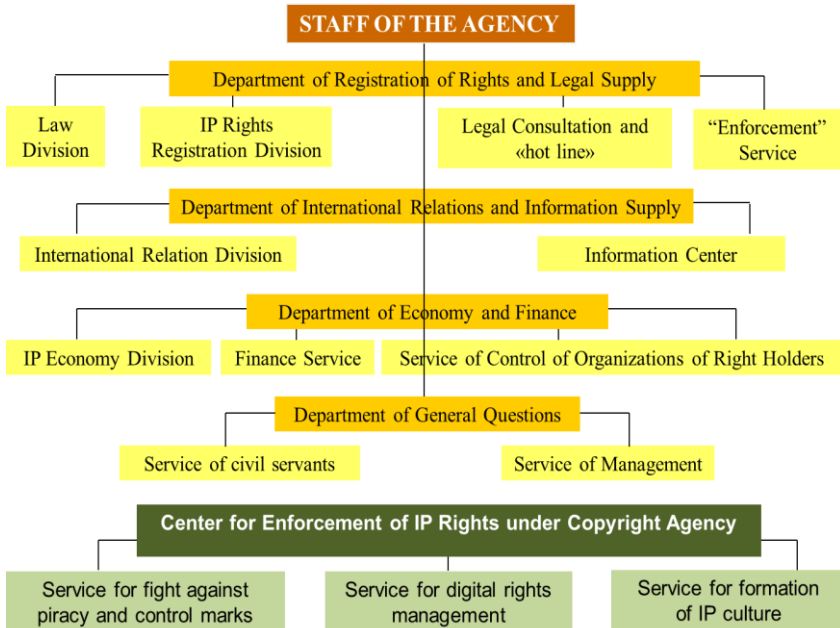
3. National legislative base of copyright and other similar IP rights.



Joining to International Treaties related with Copyright



3.1. Copyright Agency.



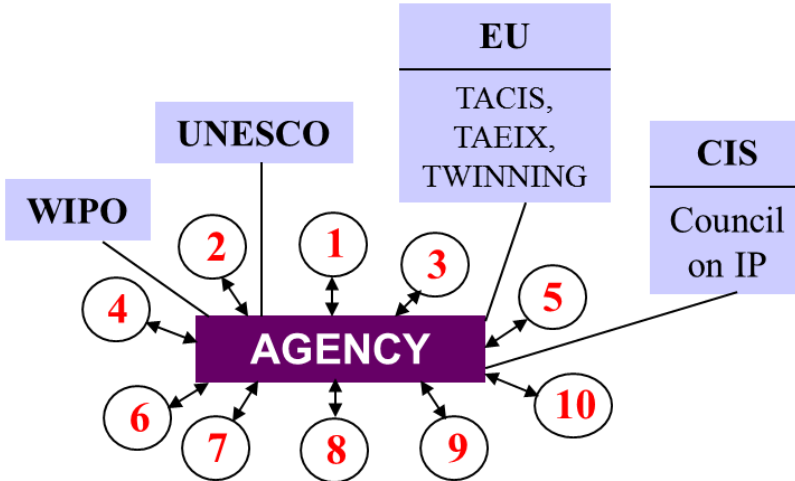
3.2. Copyright Agency.

State Services (5 services) have been joined to E-Government portal. Users (authors) use services through portal easily and it facilitates relevant procedures.

5. Mutual relation with other organizations:

- State Committee on Standardization, Metrology and Patents **1**
- State Customs Committee **2**
- Ministry of Economy **3**
- Ministry of Taxes **4**
- Ministry Culture and Tourism **5**
- Ministry of Education **6**
- Academy of Sciences **7**

- Ombudsman **8**
- Courts and law-enforcement bodies **9**
- Right holders, non-government and local self-governance organizations **10**



6. Main goal of Agency:

Agency has been established in order to provide participation and implementation of common state policy in the field of intellectual property rights to copyright, related rights, layout designs of integrated circuits, data of compilations, Azerbaijani folklore expressions (*traditional cultural expressions*), and other intangible cultural heritage expressions; normative regulation and control of field; coordination of activities of subjects in field; and provide transparency.

Main goal of Agency is to provide efficient activity, sustainable development and transparency of intellectual property rights area in the Republic of Azerbaijan; to protect intellectual property rights belonging to authors,

right holders and Azerbaijani nation; to increase impact of intellectual property protection field over knowledge and information society; and to base on advanced principles and standards in intellectual property regulation field.

7. Activity directions of Agency:

Participation in formation of common state policy in the field of intellectual property rights and ensuring implementation of this policy;

Adoption of normative acts related with regulation of intellectual property rights field, participation in preparation of drafts of relevant legal acts, relevant concepts and targeted programs and ensuring their implementation;

Ensuring control provided by legislation over protection and enforcement of intellectual property rights, conducting monitoring, accreditation of area subjects collective management organizations and receipt of their reports, rendering service to right holders which are legal entities and to producers who produce goods containing intellectual property, coordinating their activities and preparing analytical references about field;

To prepare the proposals on improvement the legislation for the purpose of changing the intellectual property to capital, on creation the more useful legal situations for activity of creative people and other right holders in the sphere of science, literature and art and on creation of new forms of social and economic activity by public use in accordance with demands of society and to take necessary measures;

To take relevant measures in order to provide ensuring legal protection of intellectual property expressions belonging to Azerbaijani nation – folklore expressions (traditional cultural expressions), traditional

knowledge and other types, to fight against their misappropriation and infringements and to take measures regarding this;

Improvement of normative and methodological documents belonging to intellectual property field in accordance with scientific and technical potential and international experience for the purpose of improvement of investment climate directed to the development of creative industry field of intellectual property rights field and based to increasing role of intellectual property in modern economy; regularly identifying the share of creative industry in GDP of country and conducting analyses: also rendering services in the field of evaluation of intellectual property assets;

To organize and to implement protection of rights on digital nets (internet and intranet) with the aim of regulation of development of electronic trade and digital information technologies, to prepare proposals on creation of mechanisms regarding protection of rights to new objects of intellectual property emerging from this direction and to take relevant measures;

Organizing state registration of intellectual property objects belonging to right holders including Azerbaijani nation, creation of national information system on right holders and users, and taking relevant measures for its regularly improvement;

Ensuring and organizing realization of intellectual property rights of right holders; registering collective management organizations about their activities which are under state registration and accredited at Agency; preparation of normative and instructive documents and annual summaries about their activities; rendering other services and having control as provided in legislation;

Organizing and implementation of issues regarding submitting international standard identification numbers to right holders with the aim of protection of intellectual property rights, to provide preparation of control marks and delivering them to users, controlling the market regarding the use of them, rendering assistance to implementation of customs control on the base of customs bodies appeal according to the rules provided in legislation while the goods containing intellectual property objects passing through customs borders;

Ensuring the application of common information system in the field of intellectual property field, awareness of people regarding its activity, creation of internet portal, placement of public information that it has and of which list has been identified by legislation in that portal, and regularly updating that information;

Ensuring international exchange of intellectual property within its competence, and cooperation in this area;

Participating in formation of intellectual property rights culture, organizing trainings for different types of right holders and users in the field of intellectual property rights, ensuring capacity building and awareness raising also fulfilling other duties foreseen in the legislation of the Republic of Azerbaijan.

8. Strategic goals of the National Copyright system

8.1. Decree number 800 of the President of the Republic of Azerbaijan dated to 29th December 2012: “Azerbaijan 2020: Look into the future” Concept of Development.

“Modern Challenges” part: “...the importance of intellectual property, the main mission of which is to

stimulate creativity and innovation and support the regulation of the market, will also increase”.

“Strategic View and Main Priorities” part: “The preservation of cultural heritage, its effective management, the protection and enrichment of new creative results... has been accepted as main priority within Concept and... relevant political measures have been provided to be taken”.

From chapter 4.2 “The improvement of the economic structure and the development of the non-oil sector” of “Towards a highly competitive economy” part: “Measures will be taken to encourage intellectual activity, create favorable conditions for investment in innovation and creativity, ensure the sustainable development of a creative economy based on intellectual property and increase its share in the country’s GDP”.

From chapter 4.3 “Support for scientific potential and innovative activity” of “Towards a highly competitive economy” part: “The determination of links between economic goals and reserves, knowledge and the duties of the cultural sphere, and the development of information technologies will help develop innovative potential reflected in the National Strategy on Intellectual Property and the related State Program in the long-term”.

From “The development of information and communication technologies and ensuring transition to an information society” part: “due to the migration of many facilities protected from mutual interference between ICT and intellectual property and by intellectual property rights, a system will be created to manage digital rights based on the provision of services in the format of online licensing and one stop shops”.

From chapter 7.2 “The formation of a modern education system” of “The development of human capital and social spheres” part: “Open Education Resources operating free of charge will be created, and these resources will be integrated into the education process and relevant free use with copyright licenses”.

From “The improvement of legislation and strengthening of institutional potential” part: “Legislation will be improved and effective measures will be taken against copyright violations, including piracy and counterfeit products”.

From “The protection and effective management of cultural heritage” part: “Taking into account the illegal misappropriation and groundless losses of integral parts of non-tangible cultural heritage, additional measures will be carried to maintain creative achievements and innovations generated collectively and handed down from one generation to another and include samples of folklore and traditional knowledge on the UNESCO special list. Also, national legislation in this sphere will be maintained in a complex manner, copyright and related rights will be protected and participation in the application and development of the international legal base will be ensured. Centrally digitalization, safeguarding, legal protection and exchange with International Organizations and relevant agencies of foreign states of cultural wealth belonging to Azerbaijani nation including cultural heritage which is under public domain and other intellectual property expressions which are preserved in museums, libraries and archives will be ensured”.

8.2.

- In the Order № 359 of the President of the Republic of Azerbaijan dated to 2nd April 2014 on

affirmation of “National Strategy on development of information society in Republic of Azerbaijan for 2014-2020 years” it is indicated that state provides protection of copyright and intellectual property rights.

- «Order of the President of the Republic of Azerbaijan on Approval of the State Program for the implementation of the National Strategy for the Development of Information Society in the Republic of Azerbaijan for 2016-2020 In Action Plan No. 2345 of 20 September 2016 (5.2. «*Development of high technology sector* » part):

<p>Taking measures for preparation and implementation of proposals on improvement of commercialization mechanisms of scientific research results and obtaining patent in the field of high technologies</p>	<p>State Committee on Standardization, Metrology and Patents, Ministry of Communication and High Technologies, Copyright Agency, Azerbaijan National Academy of Sciences (2016-2019)</p>
<p>Creation of digital rights management system based to granting permission for the use of objects protected under intellectual property rights in “one-stop-shop” format and online in global digital network</p>	<p>Copyright Agency (2016-2017)</p>
<p>Taking measures for preparation and implementation of proposals</p>	<p>Ministry of Communication and</p>

on development of high technologies products market

High Technologies,
Ministry of Economy,
Ministry of Education,
Copyright Agency
(2016-2020)

8.3.

- From the Action Plan of the "Strategic Road Map on Development of Heavy Industry and Machine Building in the Republic of Azerbaijan", Decree № 1138 of the President of the Republic of Azerbaijan dated December 6, 2016 "On Approval of Strategic Road Map on Major Sectors of National Economy and Economy" (3.2. «*Harmonization of management procedures to international standars*» part):

Promotion of creation of national brands at industrial enterprises

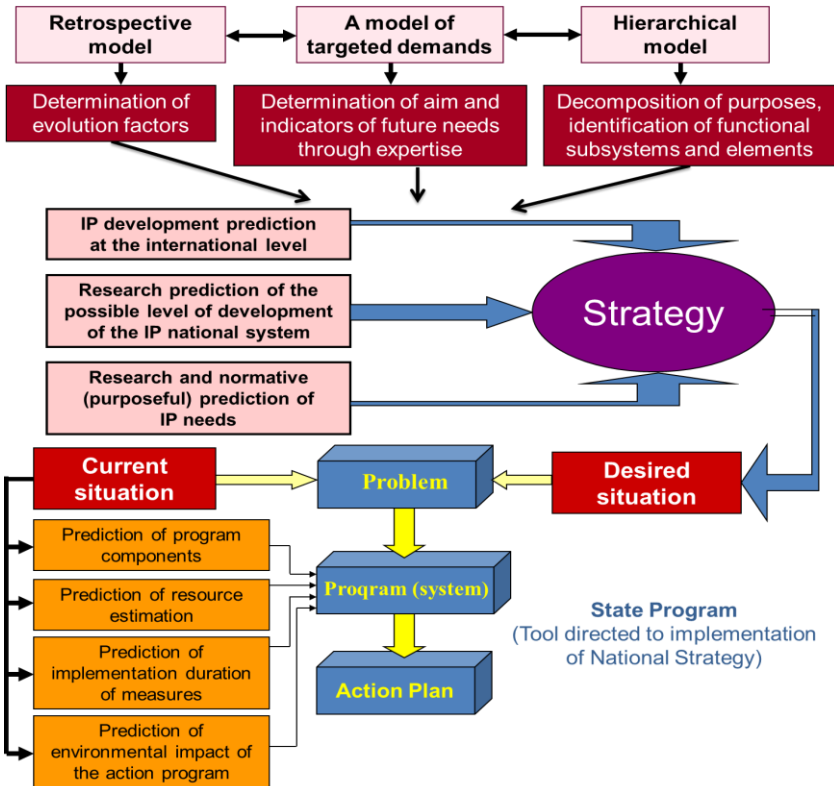
Ministry of Economy
(2017-2020)

Copyright Agency, State Committee on Standardization, Metrology and Patents

III. Copyright Agency with figures and facts (last 5 years: 2012-2016 years)

1. Updating of legislative and normative-legal base.

1.1. Long-term National Strategy of Copyright and other similar intellectual property rights.



- ✓ Strategy – identification of long-term development directions established on the base of development goals.
- ✓ Program – Complex of actions aimed to achieving targets and goals of strategy.

- ✓ 14 functional directions, 30 common functions and 90 actions appropriate to 30 goals of National Strategy.
- ✓ Initial draft of National Strategy has been affirmed in 2012 and implemented on the base of State Program for 2013-2016 years.
- ✓ In 2016 National Strategy has been harmonized with Concept of Development “Azerbaijan 2020: look into the future” and State Program for 2017-2020 has been prepared at the moment.

1.2. For the purpose of improvement of legislative and normative legal base 29 acts have been adopted, draft of 20 acts have been submitted for affirmation including 18 documents about Laws and 26 documents about normative-legal acts.

Adopted legislative acts including	2012 (adop ted)	2013 (adop ted)	2014 (adop ted)	2015 (draft)	2016 (draft)	Total
Laws	2	5		3	8	18
Decrees of the President of Azerbaijan	2	1	1		2	6
Orders of the President of Azerbaijan		6	1			7
Decisions of Cabinet of Ministers		5	2	5		12
Orders of Cabinet of Ministers	1					1
Decisions of Copyright Agency		1				1
MoU between Government of Azerbaijan and WIPO and bilateral interstate agreements			1	2		3
Total	5	18	5	10	10	48

Within the frame of **adopted documents**:

- **Law «on Enforcement of intellectual property rights and fight against piracy»**, changes to Administrative Errors Code and Criminal Code regarding this, a number of Decrees and Orders of the President of Azerbaijan, Orders and Decisions of Cabinet of Ministers, modern changes to Agency administered 4 Laws and normative-legal acts;
- 5 normative-legal acts regarding issuance of control marks and international standard identification numbers;
- Concept regarding open education recourses and Actions Plan regarding “online” licensing on digital rights management and “one-stop-shop” format services etc.
- Laws “on Protection of rights of broadcasting organizations on digital networks”, “on Collective management organizations including on digital networks” normative –legal act “on the share of creative industry in GDP” and others **of which drafts are under consideration.**

1.3. During 2012-2016 years 208 comments and suggestions regarding intellectual property to Treaty and Agreements (Intergovernmental, by Ministry and Committees) which are planned to be signed have been submitted, together with European Commission one Twinning project has been implemented for increasing efficiency of fight against piracy, and new twinning project related with digital rights and national digital aggregator has been planned for 2017-2019 years.

1.4. For improving state management and regarding structural reforms amendments to 9 Laws, Charter of Agency draft of 2 normative-legal acts and brochure

named “Notes about Legal entities of public law (experiences of a number of countries of Continental Europe and post-Soviet countries)” has been prepared.

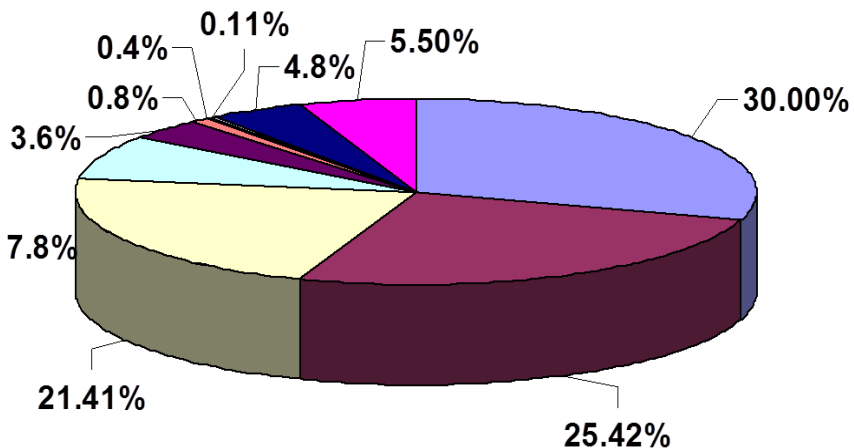
2. Registration of works and other intellectual property objects.

2.1. Azerbaijan is the first and only country within CIS region that conducts state registration of works and other IP objects.

Registration of works during 2012-2016:

Registration of copyright objects and agreements including	2012	2013	2014	2015	2016	Total
General registration	722	557	479	663	494	2915
Electronic (online) registration	7	21	29	40	49	146
Registration of agreements	14	23	10	13	12	72
Total	743	601	518	716	555	3133

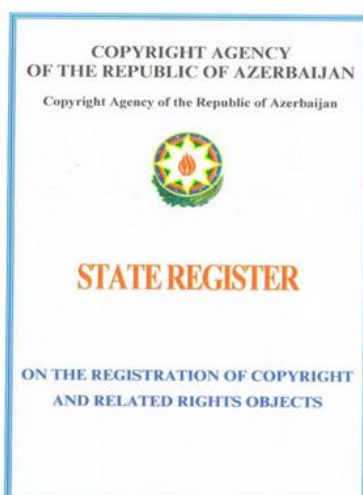
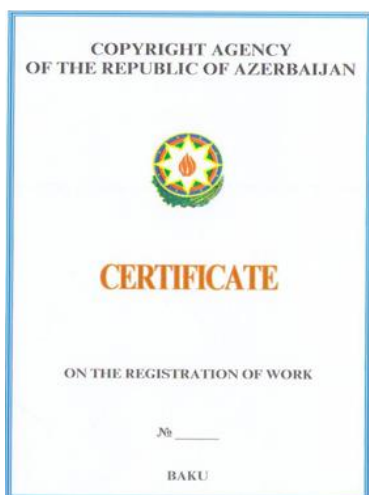
2.2. Structure of registered works (1996-2016 years).



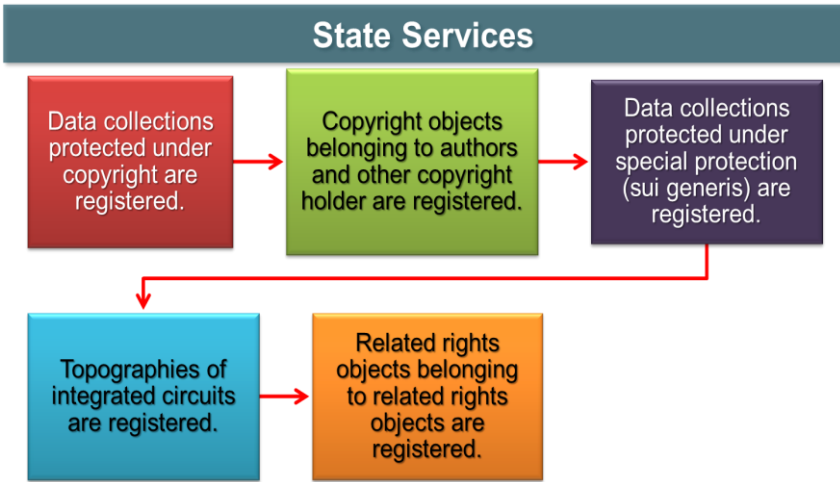
Musical – 30%
 Literary, including software – 25,42%
 Scientific & educational – 21,41%
 Design and decorative – 8%
 Compilations – 3,5%
 Multimedia works – 0,78%
 Phonograms and castings of broadcasting organizations - 0,38%
 Databases – 0,11%
 Audiovisual – 4,56%
 Others – 5,5%

■ Musical	- 3300
■ Literary, including software	- 2768
□ Scientific & educational	- 2331
□ Design & decorative	- 873
■ Compilations	- 387
■ Multimedia works	- 85
■ Phonograms and castings of broadcasting organizations	- 42
□ Databases	- 12
■ Audiovisual	- 497
■ Others	- 604

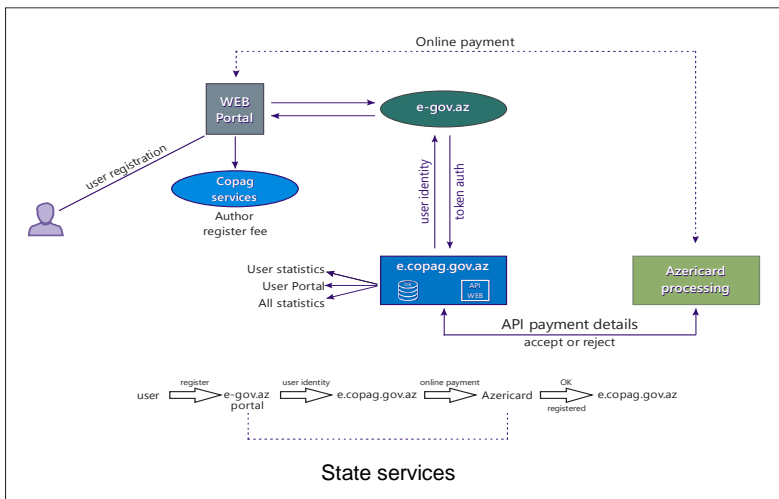
2.3. Right holder whose work is registered is granted certificate of which sample is confirmed by relevant executive power. In case of dispute, in the absence of other evidences, certificate on registration is recognized as presumption of authorship by court.



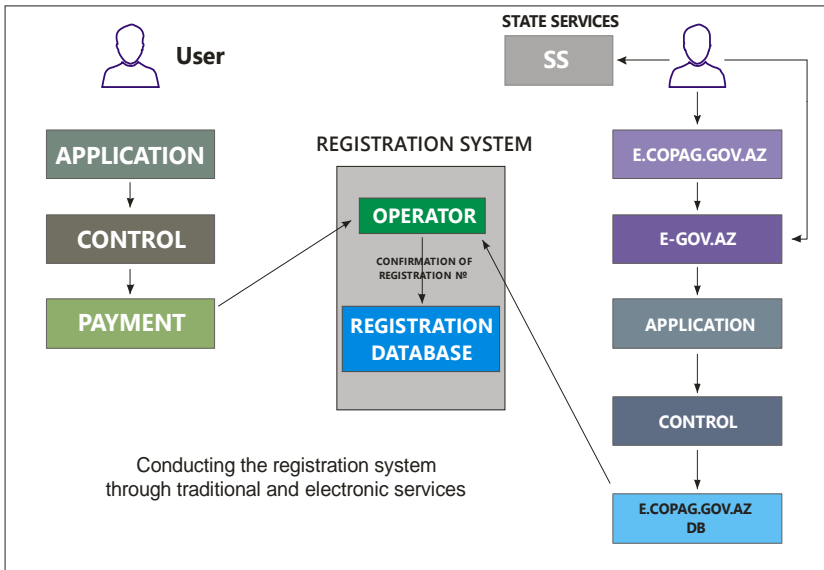
2.4. «Registration» system has been connected to e.gov.az portal, has been integrated with other systems and allows Agency to conduct registration of following objects within the frame of “State services”.



2.5. The sequence of registration within the frame of “state services” is like following:



2.6. General registration system can be used as indicated below:



2.7. Registration program has been located on <http://qeydiyyat.copag.az/> address and allows to obtain informations indicated below:



Information taken from "Registration" database

3. Innovative development: the role of Agency in transformation of IP to important tool.

- ❖ Economic achievements obtained in last 13 years in Azerbaijan is based on reforms implemented answering to modern challenges, and to “Azerbaijani model” of Mr. President Aliyev oriented to future.

This model is based on durable economic reforms and differentiation of economy, development of non-oil sector. That’s why economy of Azerbaijan faces minimal loss in post-oil cycle.

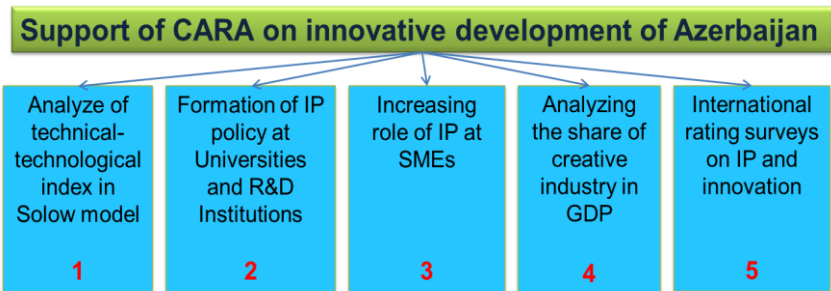
"Azerbaijani model" is a development model that stimulates the development of business environment and investment and it is not accidental that in the Doing Business 2017 report (190 countries), Azerbaijan is one of the 29 countries that conduct 3 and more reforms in the world.

- ❖ As a continuation of these, it has been identified as one of the key strategic goals in the following years to minimize the dependence of the economy from oil and to transform it into a competitive national economy based on entrepreneurship development and to ensure innovative development in line with advanced international experience.
- ❖ 12 Road Maps has been affirmed with the Order number 1138 of the President of the Republic of Azerbaijan **“on affirmation of strategic road maps on national economy and main sectors of economy”** dated to 6th December 2016.

In one of road maps An Action Plan, implemented by the Copyright Agency together with other relevant authorities in one of the road maps (Strategic Road Map for the Development of Hard Industry and Machine-

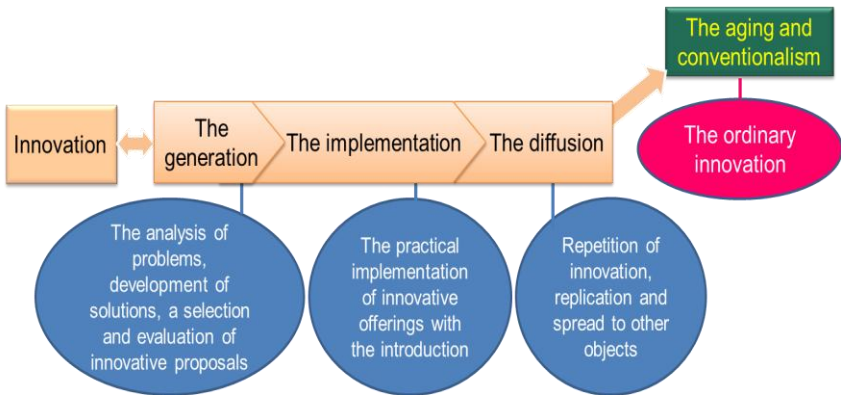
building in the Republic of Azerbaijan), and on the other 3 road map, the creation of a business environment that is protected by intellectual property rights (Strategic Roadmap for the National Economic Outlook of the Republic of Azerbaijan), *increasing the awareness of copyright protection issues* ("Strategic Road Map on Development of Telecommunication and Information Technology in the Republic of Azerbaijan"), and the Law of the Republic of Azerbaijan "On the Protection of Intellectual Property Rights and Anti-piracy" ("Strategic Road Map for the Production of Consumer Goods at the Level of Small and Medium Enterprises in the Republic of Azerbaijan") within the framework of the legislative framework in the field of innovation has been noted.

- ❖ Moreover the Order of the President of the Republic of Azerbaijan "On Additional Measures to Increase the Availability of Business Environment in the Republic of Azerbaijan and Further Improvement of Our Country's Position in International Ratings" has been adopted (13 July, 2016).
- ❖ On the base of these support activity of Copyright Agency is established in following directions:



3.1. Innovation, innovative activity and commercialization of technologies.

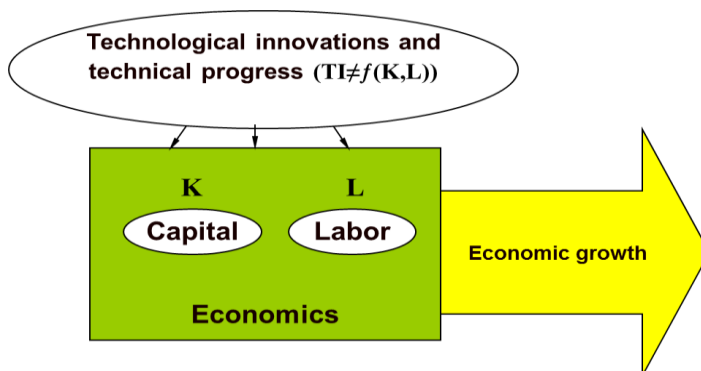
- **Novelty** – New strategy, business model, orgstructure, marketing style, process, technology, product of Intellectual activity result or their any combination.
- **Innovation** – is practical application of innovation in order to generate economic income.
- **Innovation** – is the effect of innovative activity (*a new or improved product or technological process put on the market*).
- **Innovation process** – creation, mastering and dissemination of innovations consisting of consecutive stages.



IP objects – result and relation of innovation activities



3.2. Solow model: economic growth and taking into account of technological achievements (TN) in economic growth.



- $Y = A \cdot F(K, L) = A \cdot K^\alpha \cdot L^\beta$; A – TN index (factor);
- Solow splitting: $\Delta Y / Y = \Delta A / A + \alpha \Delta K / K + \beta \Delta L / L$; ($\alpha + \beta \leq 1$) – Capital and labor elasticity ratios of the Cobb-Douglas production function;
- Economic growth rate = growth rate due to technology + growth rate of capital accumulation + growth rate through labor costs.
- Researches conducted by Agency:

Years	GDP (mln. manats)	Main funds (mln. manats)	Population involved in production (thousand person)
2005	12522,5	33939,3	4062,3
2006	18746,2	40641,2	4110,8
2007	28360,5	50183,0	4162,2
2008	40137,2	54735,8	4215,5
2009	35601,5	61436,6	4271,7
2010	42465,0	66659,5	4329,1
2011	52082,0	74186,4	4375,2
2012	54743,7	84262,4	4445,3
2013	58182,0	95451,1	4521,2
2014	59014,1	110677,9	4602,9
2015	54352,1	120314,5	4671,6

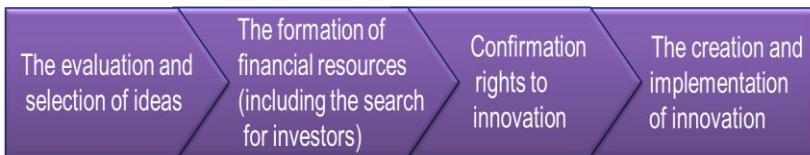
Growth rate thanking to technology

- $\alpha + \beta = 0,5 + 0,5 = 1$: $\Delta A/A = 0,031 \rightarrow 3,1\%$;
- $\alpha + \beta = 0,1 + 0,5 \leq 1$: $\Delta A/A = 0,071 \rightarrow 7,1\%$;
- $\alpha + \beta = 0,1 + 0,9 = 1$: $\Delta A/A = 0,075 \rightarrow 7,5\%$.

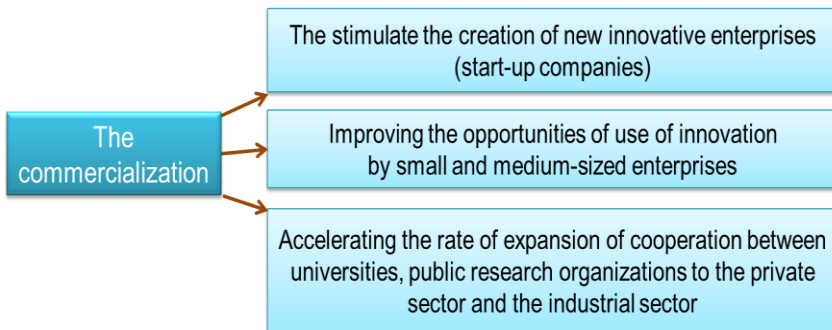
Growth thanking to technology has resources.

3.3.

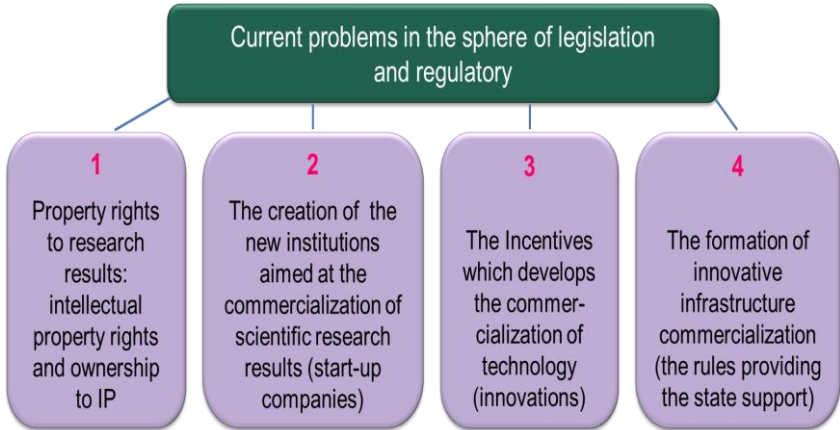
- In modern times, the priority of innovation development is technology commercialization, i.e. marketing of innovation, delivery of innovation products to consumers.
- **Process of commercialization of innovations:**



- **Commercialization directions:**



- The listed directions require the improvement of the legislative framework and / or regulatory and legal regulation in the field of research and innovation, and international experience creates the need to pay attention to the following issues.



- The Agency has reported proposals on the current issues.

3.4. Forming of IP policy at Universities (R&Ds).

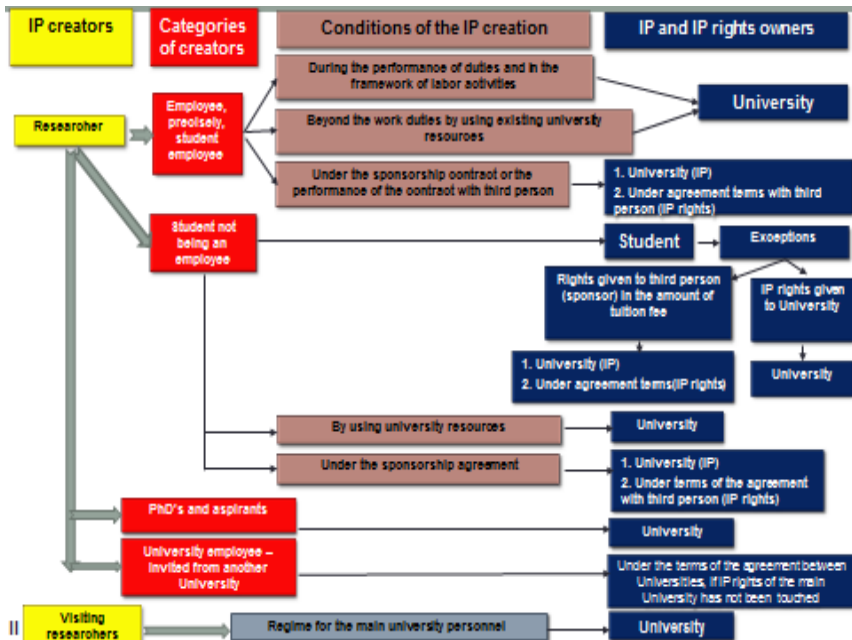
- The Agency has conducted two international symposiums (with WIPO) and 1 national round table in the last two years, delivering 3 methodical aids to interested parties.



- As a result of the Agency's research, the following issues have been reflected in the listed documents:

- Experience of leading universities of the US and Europe regarding intellectual property policy;
- Providing WIPO's methodological guidelines and publications on these issues in Azerbaijani language;
- The indicators of IP and innovation of Azerbaijani Universities in the Global Competitiveness Index (2013-2014, 2014-2015, 2015-2016, 2016-2017) and Global Innovation Index (2014, 2015, 2016);
- Roadmap on IP policy formation (*IP Coordinator, Collection of documents for Coordinator developed by the Agency, training courses, Preparation of statute on IP policy, IPR division, etc.*).
- As an example, from the "Statute of Intellectual Property Policy":

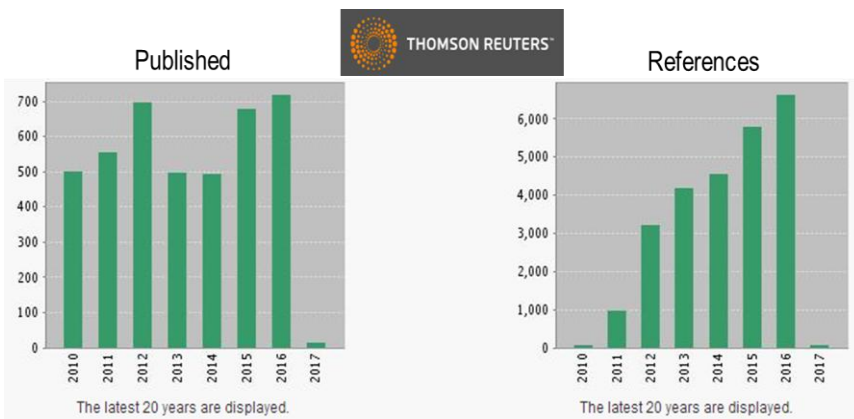
Deduction tree of affiliation of the IP and division of rights to IP in universities



Additional exceptions for copyright: The works protected by copyright on the basis of the Institute's specific assignment or with the sponsor's support of the research contract or third party contract isotherms, at which the provisions of the relevant contracts shall be taken into account.

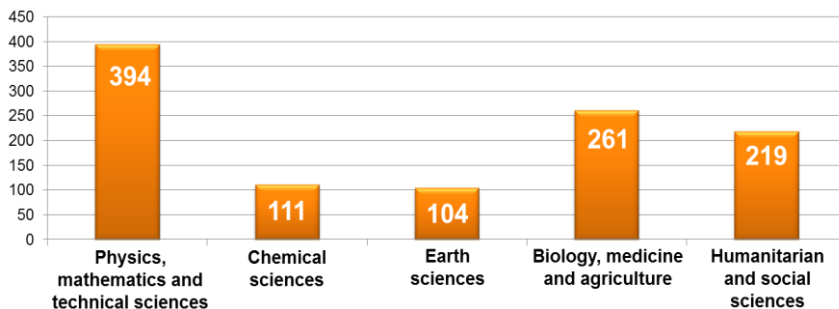
3.5. Important steps taken by the Ministry of Education, ANAS and the Science Development Foundation.

- In 2015, the Ministry of Education and in 2016 ANAS joined the Thomson Reuters system and the Department of Copyright and IP was created;
- In 2016, the launch of technologies for transmission of technology and the results of intellectual activity in a number of universities (Economic University, Oil and Industrial University, etc.);
- The Science Development Fund ensured the registration of grant projects at the Agency;
- WIPO and Azerbaijan launched "National project on intellectual property policy at universities and R&Ds";
- Within the framework of cooperation with the Ministry of Education of the Republic of Azerbaijan, the Ministry of Education acquired IP rights from publishing houses on the basis of proposals from the Copyright Agency and introduced electronic textbooks as an open source education on the Internet based on the CCBY license.
- **Results:**



- Cooperation with the Science Development Foundation under the President of the Republic of Azerbaijan.

Number of certificates issued to the State Register, registered in 2010-2015 – 1089 (180 projects per year in average)



3.6. Support for IP policies in small and medium enterprises (SMEs).

As indicated in “Recommendations” (2008) of the WIPO on the role of small and medium

entrepreneurship (SME) in the CIS countries (hereinafter "Recommendations"):

- In some areas, the CSOs have significant advantages over large enterprises, especially in the development and implementation of innovations (returns of investment exceeds 2 times);
- The reasons for the advantages are the according to the "Recommendations":
 - the availability of more favorable conditions for small entrepreneurship to have individual character;
 - creativity in the small entrepreneurship, which is inherent in large enterprises, away from the hierarchical structure, directing to liberty;
 - where the creator (inventor), the proprietor and the manager are normally present in a single entity, thereby removing the major contradiction of corporate governance;
 - The introduction of new information technologies serves to create conditions that existed only in large enterprises, and so on.

International experience confirms them:

- ▶ According to research, XX are the leading inventions of the US and Western Europe, ranging from 58 to 46 individuals and small innovative firms, according to the National Science Foundation in the United States, firms with up to 500 employees per \$ 1 research brings more innovation (over 10,000 employees) than any large company.
- ▶ The main organizers and users of technical and technological innovations are enterprises of the SMEs sector and their innovation activity is that the number of employees per capita is four times

higher than the size of large organizations. The innovation activity of a small entrepreneurship sector (the number of patents issued per employee) is approximately 16 times higher than that of large enterprises.

- ▶ According to the information of US National Science Foundation, the share of SMEs among science-intensive companies is 89%. Among Western European industrial companies of innovation businesses, 75% in Ireland, 66% in Germany, 49% in Finland, 46% in France, 40% in Italy and 39% in the UK.
- ▶ Small enterprises are noticeably increasing in the field of innovation, while supporting them in the United States, in 1982, the "Small Business Innovation Development Act" was adopted in 1992 and was amended in 1992. The main directions of this Law:
 - Stimulating technological innovations;
 - Involvement of SMEs to state orders for scientific research and development works;
 - Support for attracting talented people with technological innovation;
 - Assistance to the private sector on the commercialization of the results of scientific research and development works carried out on the basis of Federal orders;
 - Inclusion of innovation sector into firms 'qualification list of small businesses' private research that provides for US national needs.

Finally, the most important thing is that studies show that there is correlation between the number of SME enterprises and GDP per capita.

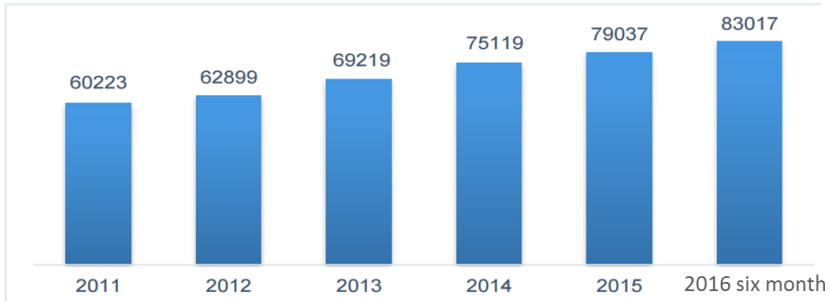
- Nevertheless, innovation activity of small entrepreneurship in CIS region is insufficient for 70%, whereas in large firms this activity is defined as only 40% insufficient.

Azerbaijan: It is defined as the criterion for SME subjects:

Category of entrepreneurship subjects by size	Average number of employees	Annual revenue
Small entrepreneur	up to 25 persons	up to 200 thousand manats
Medium entrepreneur	from 25 to 125 persons	from 200 thousand to 1250 thousand AZN
Large entrepreneur	125 persons and above	1250 thousand AZN and above

According to the criteria, 1% of registered **legal and physical entrepreneurship** subjects registered in 2015 are large, 2% - medium and 97% are small entrepreneurs.

- By mid-2016 there were more than 83,000 KOS units in the non-oil sector in Azerbaijan, ie the number of individuals and legal entities (79.7% of private businesses); but their share in the UDM was only 5.8%, the share in the value added was 5.8%, and the gross profit was 0.7%. The following graphics demonstrate what is said:



Source : State Statistical Committee of the Republic of Azerbaijan

- In the background of such weak economic indicators, SMEs attracted 6.5% of the active population.

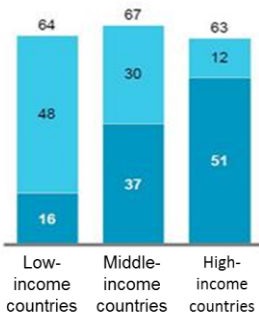
Thus, the labor productivity in this area is very low, while SME's structure is abnormal: 37% - trade, 12.1% - construction, 10.7% - agriculture (whereas more than 40% population now lives in the regions with a traditional interest in agrarian sector).

- ❖ However, according to official statistical information, as of the situation for January 1st, 2016, 12% of legal entities registered in the country are small businesses, while their share in GDP is 4%, employment 6.3%, and production (service) 9.6 percent.
- ❖ Apparently, the share of private entrepreneurs and small enterprises in the GDP, which constitutes 99.2 percent of entrepreneurship entities in the country, is very small.
- ❖ "Strategic Road Map on Production of Consumer Goods at the Level of Small and Medium-Size Enterprises in the Republic of Azerbaijan", "The share of KOS in the economy of Azerbaijan - in

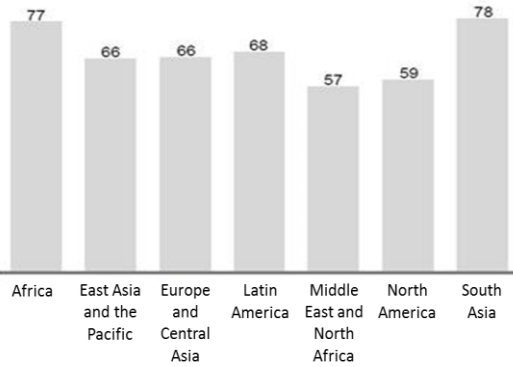
GDP, employment and foreign currency flow to the country can be doubled. From this prism, it can be noted that the share of the SMEs in the country's future development is of utmost importance. "What steps should be taken?"

- ❖ The Strategic Road map shows the following:
- ❖ "There are strong potential and wide opportunities for the development of SMEs in Azerbaijan and, in general, the country's economy. This is an important step towards improving the overall business environment, making more accessible and effective access to financial resources, providing access to local and foreign markets for small and medium-sized businesses, and building up skilled and qualified staff".
- ❖ For comparison, the share of SMEs worldwide in GDP and employment is shown and it should be noted that 99% of enterprises in the European Union are SMEs and their share in GDP is 60% more. In the United States, small innovative enterprises constitute 20% of newly created jobs (OECD, 2010), where they account for 3% of total employment (OECD, 2010).

Share of SMEs in GDP



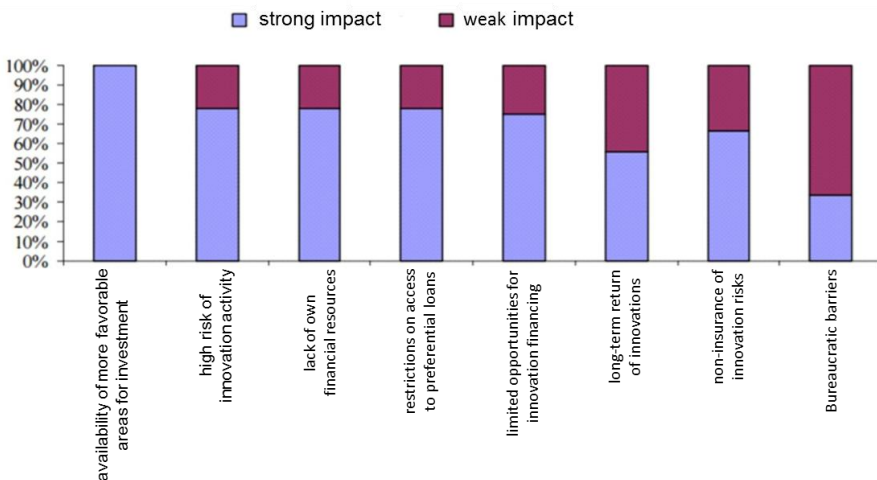
Share of SMEs in employment



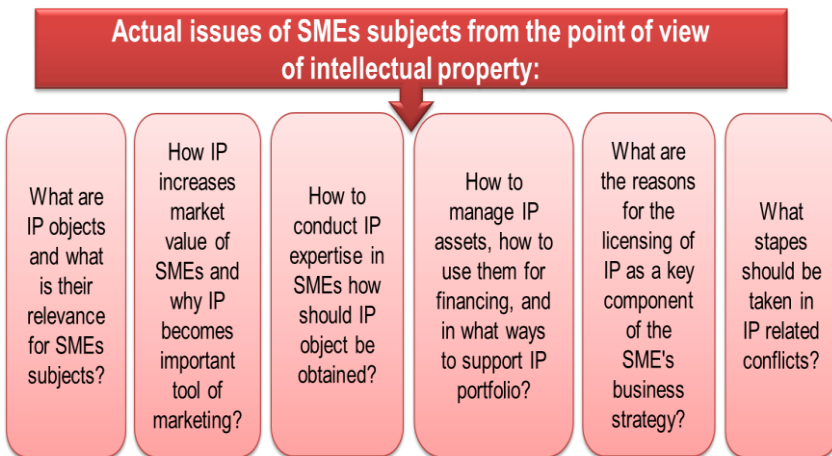
1. SMEs of which number of employees is up to 250
(In North America SMEs of which number of employees is up to 300)

Source: World Bank

- The following scheme is a factor that prevents the development of SMEs based on WIPO research:



- “In the Strategic Road Map on the Production of Consumer Goods at the Level of Small and Medium Enterprises” in the Republic of Azerbaijan, approved by the Decree of the President of the Republic of Azerbaijan of December 6, 2016”, the weaknesses of the SMEs and the emerging hazards were examined and in the framework of the listed problems weak cooperation between SMEs and SMEs and promotes innovation encouragement”.
- **The resulting situation is related to the promotion of intellectual property in SMEs, weak intellectual property knowledge and the lack of intellectual property policy.**



- **The key issue is the presence of IP Manager in SMEs and the establishment of a link between its research and development work (R & D) and business development (BD).**

- The Agency is ready to conduct training on the basis of electronic courses on the promotion of intellectual property in the field of SMEs.
- As stated in the Strategic Road Map of the State, strategic goals for the development of SMEs are "Innovation promotion, expansion of research and development activities for SMEs" and here

First priority: is improvement of national innovation system;

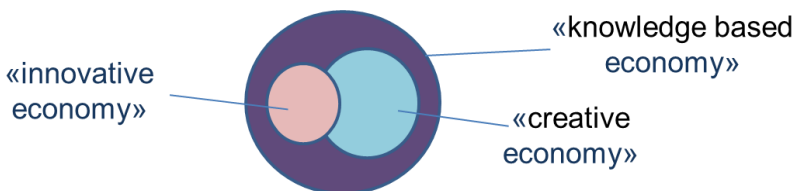
Second priority: Forming innovation infrastructure that stimulates SMEs activities.

- ▶ Consequently, "By 2020, the regulatory framework for the development of SMEs in Azerbaijan will be further improved, institutional reforms will be continued, and strengthening the competitive environment and establishing the SME agency, the acquisition of the necessary intellectual and technical resources, as well as access permits measures will be taken to simplify the system of making".
- ▶ Targets are the following:

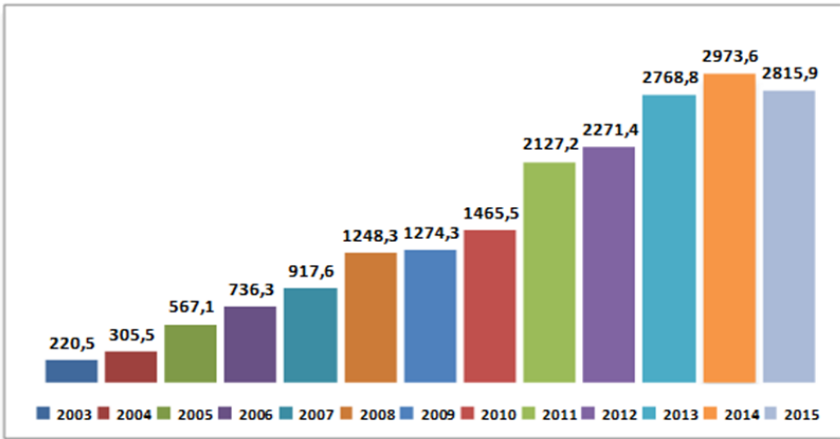
SMEs	Years	Share in GDP	Share in employment	Non-oil export share
	2020	15%	20%	10%
	2025	35%	40%	25%
	The years coming after 2025	60%	70%	40%

3.7. Industry based on copyright and other similar rights (Creative Economy).

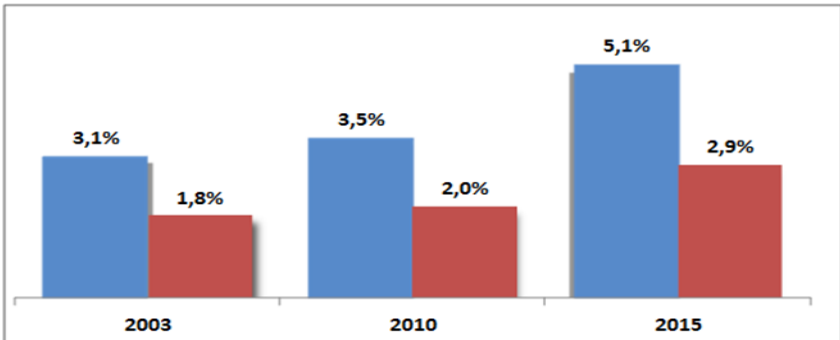
- ❖ The Agency has been observing for many years since 2003, creative economy research, following trends and presenting its proposals to the Government.
- ❖ The research is based on WIPO's Methodological Guidelines; a decision of the Cabinet of Ministers is being adopted and adapted to the structure and statistics of the national economy.
- ❖ State statistical materials are used for calculations, in case of their absence state budget performance indicators or expert assessments are used.
- ❖ Counterfeit production is not considered.
- ❖ The share of the creative economy is carried out in 4 directions (area categories):
 - core (*Main areas of Copyright Industry*);
 - independent (*directly related*);
 - partial (*indirectly related, partly based*);
 - non-dedicated (*others, servant*).
- ❖ "Creative", "Innovative" and "Knowledge-based" economy.



❖ Results of national research (including 2015):



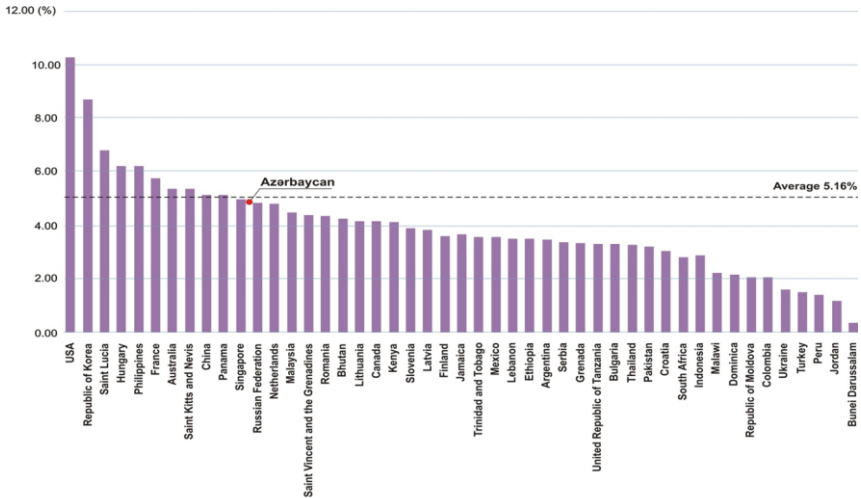
The volume of the creative economy (million manats) dynamics for years



Dynamics of the share of the creative economy and its major share (core) in GDP (with %)

- ❖ Comparative analysis of WIPO's estimates, including 2014.

Contribution of the creative industries to GDP



Source: WIPO Studies on the Economic Contribution of the Copyright Industries 2014

- ❖ As illustrated by the picture, the creative economy of Azerbaijan is at the average of WIPO's 2014 study of the creative economy of 42 countries (5.18%) and surpasses a number of countries including developed countries.
- ❖ National report on Azerbaijan's creative industry discussed at WIPO symposiums over the past 3 years.



- ❖ **Composition of creative economy:** Copyright, related rights and economy based on non-traditional intellectual property objects.
 - computer programs and IT products;
 - books, publications, media;
 - music and film production, TV;
 - applied fine art, folk creativity, etc.

- ❖ **From the UN's "Creative Economy" report (UNCTAD, PROON, UNESCO, WIPO and TM): (Based on 2011)**

- In 2002-2008, the creative industry trade doubled and amounted to \$ 600 million.

- In the context of the global economic crisis (12% reduction in international trade), sales of creative industry goods have increased by 14% annually.

- **Recommendations:**

- The development of the creative industry is a guarantor of socio-economic development;

- the development of the creative industry means taking into account social, educational, cultural, economic, ecological and other aspects;

- creative industry involves the intersection and integration of culture, art, creativity and innovation, business etc.

- The Agency's analysis on the creative economy affirms these: Despite the reduce of Azerbaijan's GDP in 2015 compared to 2014, as a result of the international economic crisis and the fall in oil prices, the share of GDP is growing, despite the decline in the creative economy.

4. Fight against piracy, monitoring related to its level and enforcement of rights.

4.1. Significant steps have been taken in Azerbaijan in the fight against piracy in recent years including:

- ✓ The Law «on Enforcement of intellectual property rights and fight against piracy» has been adopted (*In 2012*), and its implementation has been started since 2014 on the base of a number of normative-legal acts;
- ✓ Under the Agency, the Center for the Enforcement of Intellectual Property Rights was established regarding implementation of the Law;
- ✓ Anti-piracy area program has been successfully completed;
- ✓ It has been started to stamp the control marks on goods, which include intellectual property, and smart-mobile system was created to control the market;
- ✓ A digital rights management system has been developed;
- ✓ Together with the EU, two roundtable workshops, 1 national symposium and one round table within the Twinning project (2 years), together with the Ministry of Education, were held the round table on the topic of "Plagiarism and its prevention in the texts of scientific and literary works".

4.2.

Structure of the Law of the Republic of Azerbaijan “on Enforcement of IP rights and fight against piracy”

Issues regulated by the Law:

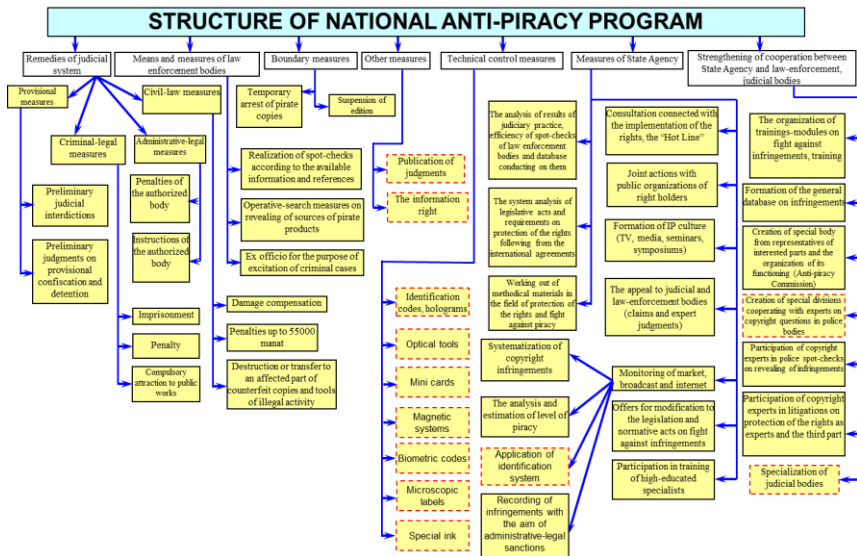
- Determination of court and administrative procedures and measures;
- Prevention of illegal producing and distribution of works, phonogram copies and other intellectual property objects.

Chapter I
General Provisions:
- Main definitions
Scope of the Law

Chapter II
Civil-legal, administrative procedures and remedies against infringement of intellectual property rights:
- Evidences
- Right to information
- Court prohibitions
- Reimbursement of damages
- Measures resulting from the judicial decision
- Transparency measures and publication of court decisions
- Temporary remedies
- Border remedies
- Administrative and criminal procedures

Chapter III
Administrative measures on fight against piracy:
- Identification numbers
- Control marks
- Control over implementation
- Liability for illegal use of copies and control marks

Chapter IV
Final Provisions:
- The Law has effect over IP rights objects of which duration of protection has not expired
- Entering into force of the Law



4.3. One of the functions carried out by the Enforcement of IP Rights Center under the Agency established by the Order of Cabinet of Ministers in 2012 is to provide control marks of intellectual property goods.

In accordance with paragraph 1.3 of the “Rules of form, registration, use and transfer of a control mark”, approved by Decree No. 191 of the Cabinet of Ministers of the Republic of Azerbaijan dated June 9, 2014, the control marks for audiovisual works, phonograms, computer programs, datasets, copies of books is issued by the Copyright Agency.

Bearing in mind that the use of Control Marks in the elimination of piracies adverse in economic, cultural and social spheres is one of the most effective methods, application of control marks to new copies of textbooks started by the publishing houses belonging to the Ministry of Education, as well as the publishers publishing that are not subordinated to the Ministry of Education.

It is predicted that the level of piracy will decrease significantly in the practice of control marks and tax evasion will decrease in this area.

The control mark is a holographic mark with a sophisticated defense system that is distinguished by its unique code and the relevant series and is a small label made of metal film, which is a holographic adhesive. This label is necessarily dispersed when repainted again.

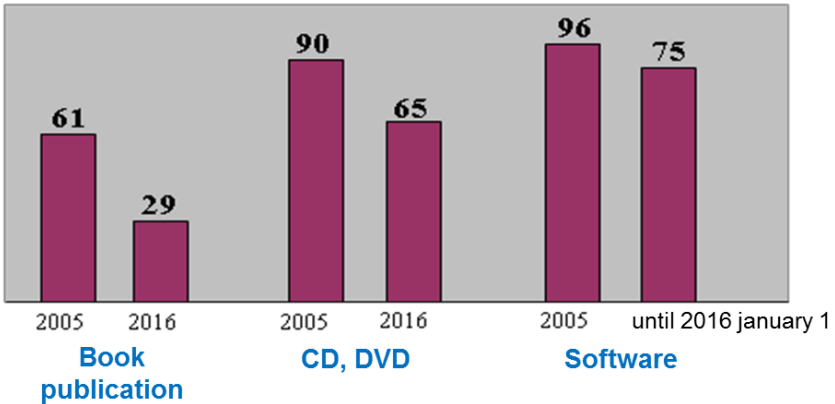
- **The transformation of the holographic mark into a control mark is carried out by the Agency through the identification information system.** At this time, the control mark is printed with specific numbers and other information by means of special printers and provides additional protection based on the lamination system.

- The software-apparatus complex is characterized by a number of innovations: the database follows all the "life cycle" of each of the brands including damaged. The smartphone mobile phones may be used to check the legitimacy of the branded product on the market.
- If copies of copyright and related rights objects are sold without stamping control marks, the sale or sale of such copies of such copies shall be subject to new and criminal penalties imposed by such cases. Thus, according to Article 229-2 of the Code of Administrative Offenses, the court fined the individuals with a fine of 50 manats, officials in the amount of 100 manats, and for legal entities - up to 150 manats.
- Intentional destruction, fraudulent and illegal handling of stamped control marks to copies imposes administrative and criminal liability.



4.4.

- As a result of the measures taken, the level of piracy decreased from 61% to 29% in book sales, from 90% to 65% in audio and video product market, from 96% to 75% in software.



Note. *The International Software Alliance's 2016 Report shows the level of software piracy at 84%.*

- The dynamics of the fight against piracy in 2012-2016:

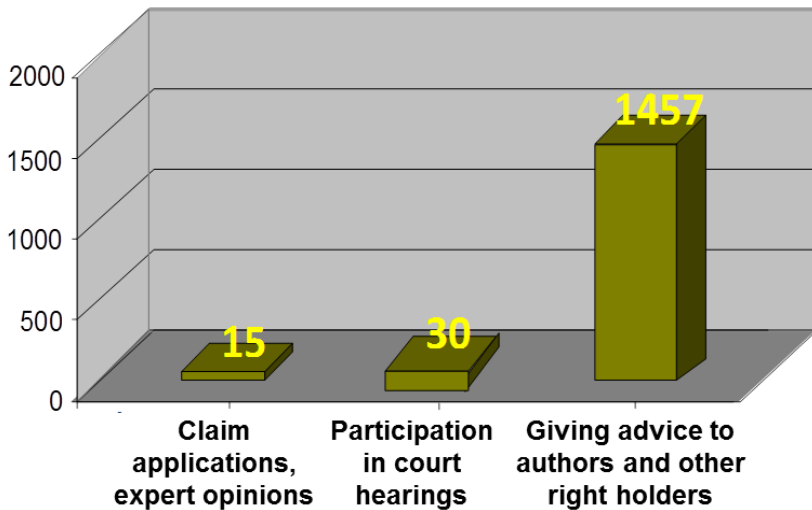
The level of piracy in the field of copyright and related rights, including:	2012	2013	2014	2015	2016
Book industry (%)	33	30	30	30	29
CD and DVD industry (%)	68	67	66	65	65
Software (%)	87	87	85	85	75
Average level of piracy (%)	62.7	61.3	60.3	60	56.3

5. Enforcement of rights and forming of IP culture.

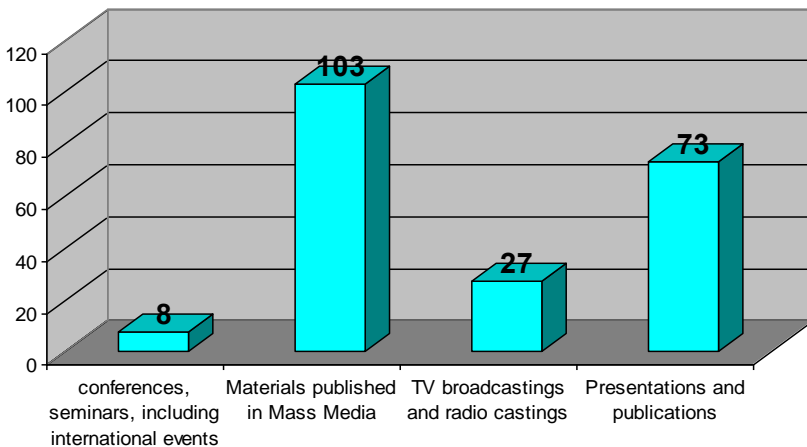
5.1. The Agency's "Hotline" with the number 960 and the "Legal Advice Center" acting on the base of publicity have been in use throughout the year by authors and other legal owners, promptly responding to their problems and taking appropriate measures within the framework of the Agency's competence.

- In 2016, **over 1450** applications and requests for copyright and other copyright holders were reviewed and discussed, and assistance was sought in resolving issues raised, participated in 30 court hearings held at various court instances, and **15** expert opinions on copyright issues were prepared on the basis of inquiries of state, judicial authorities and right holders.
- For comparison:

Claim applications, expert opinions		Participation in court hearings		Giving advice to authors and other right holders	
2014	10	2014	12	2014	1200
2015	13	2015	30	2015	1400



5.2. During 2016 year the following works has been carried out within awareness raising measures:



Events organized by Copyright Agency (2012-2016)						
	2012	2013	2014	2015	2016	TOTAL
National events (<i>conferences, seminars</i>)	3	2	4	3	5	17
International events (<i>conferences, seminars</i>)	2	3	4	3	4	16
TOTAL						33

- ❖ Within the framework of presentations and publications, more than 6 books, more than 20 brochures and brochures have been released and disseminated including “An exemplary statute on intellectual property policy at university and research institutions”, “About intellectual property policy in universities and research institutions in Azerbaijan”, “Role of Copyright Agency in supporting intellectual property and research activities in universities of the Republic of Azerbaijan (*Innovative developments and ways to commercialize technology in universities (scientific institutions)*)” etc.

As a continuation of the work carried out in this direction, a **Distant Education and Videoconferencing** system was created in the Center for the Protection of Intellectual Property Rights under the Agency for the Purpose of the Agency "Digitalization of Culture and Sustainable Digital Copyright Development", which aims to train specialists in the field of intellectual property, an interactive Smart-class Training Center has been launched, and more than 200 theoretical and dozens of electronic training materials have been prepared for the training.

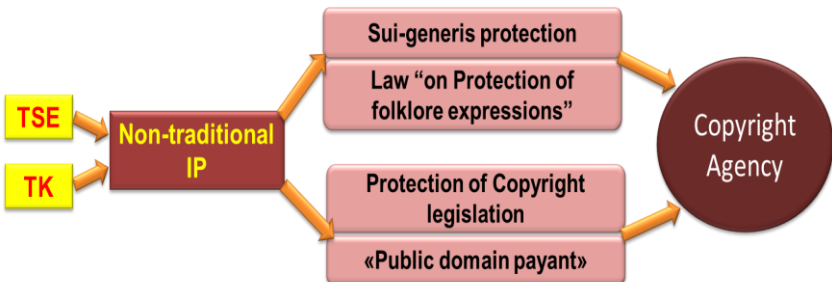


6. Protection of intangible heritage and support of multicultural policies.

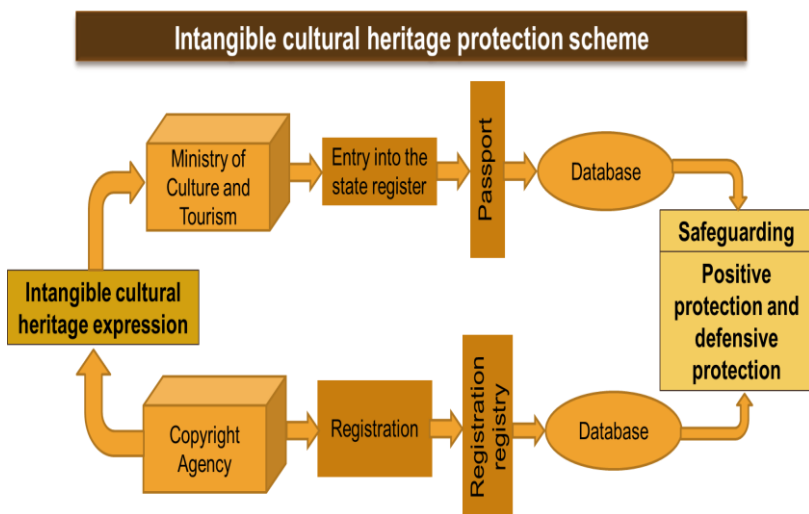
6.1. Composition of intangible heritage:



6.2. Protection of TCE and TK:



- **Functions of Agency:** Traditional, usual uses including commercial purposes is permitted in Azerbaijan; non-traditional, non-conventional forms should not be brought to the natural essence and content, and control is carried out by the Agency on behalf of the state.
- How are traditional-cultural expressions (folklore) and traditional knowledge protected **internationally?**
- Berne Convention on the Protection of Literary and Artistic Works (1886, Paris Act of 1971, Article 15 (4)).
- International Agreements on the Protection of Folklore expressions and Traditional Knowledge (*WIPO-UNESCO, being discussed*).
- Convention “on Safeguarding of intangible cultural heritage” (*UNESCO, 2004*).



6.3. Within the framework of the “Action Plan for the Year of Multiculturalism in the Republic of Azerbaijan in

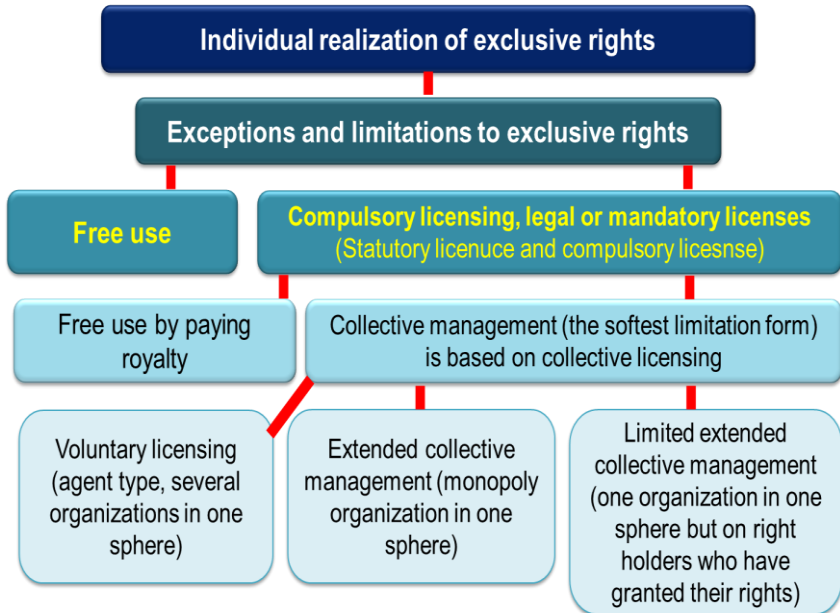
2016”, within the framework of legal protection of folklore expressions and traditional knowledge of our people, prevention of attempts to misappropriate and falsify cultural heritage and the disclosure of such acts

Conference on **"Multicultural policy of Azerbaijan, intellectual property and Armenian falsification"** also with joint organization of The State Committee on Religious Associations of the Republic of Azerbaijan, Baku International Multiculturalism Center, Copyright Agency and Alban Udin Christian Religious Community international Conference on **"Albanian Apostolic Church Past and Present"**, within the frame on **"Terrorism against multiculturalism"** project in joint organization of Baku International Multiculturalism Center, ANAS, Knowledge Foundation under the President of the Republic of Azerbaijan, State Committee on Religious Associations of the Republic of Azerbaijan, Science Development Foundation under the President of the Republic of Azerbaijan, State Committee on Work with Diaspora and Copyright Agency a number of Conferences and Round Tables held in Baku..

6.4. Within this frame a number of booklets such as **"Armenian allegations damage the rights of other nations"**, **"Об азербайджанской модели мультикультурализма (на основе данных об идентичности)"**, **"Заметки о мультикультурализме"**, **"Моральный террор: против нематериального и материального культурного наследия"** etc. has been published.

7. Collective management of property rights.

7.1. Collective management and limitation and exceptions to exclusive rights.



7.2. In Azerbaijan:

- Collective management of audiovisual works (*Guild*);
- Collective management of musical works (*Azerbaijani Authors*);
- Collective management of the rights of performers (*not available*).
 - Collective management organizations (CMO) are public unions according to legislation.
 - CMO: registration (*Ministry of Justice and accreditation (Agency)*).
 - “Big forms” - CMO not available on dramatic works, that’s why Agency has to fulfill.

7.3. Remuneration collected in 2015:

- For audiovisual works - 59200 AZN.;
- For musical works - 56350 AZN (*in 2014*);

- For dramatic works - 103037 AZN (*in 2015*).

7.4. In 2015, the MHA drafted a new draft law "On collective management organizations managing property rights of authors and related rights owners, including on digital networks", discussions are underway, conferences and meetings with CISAC were held in 2015.

IV. Look into the future of Copyright system and searching answer for challenges

1. Specifications and challenges of modern Copyright system.

1.1. Information and technical features related to digitization.

- ❖ Informative nature of "content" and the difference in comparison with the concept of "work" is, on the one hand, the difference in the importance of content, the reduction of the importance of the form, and on the other hand, the spread of "information" in the right of information right to use copyrighted objects (*D.Bell, A.Touraine, O.Toffler, J.Baudrilard, P.Drucker*).

1.2. Economic and legal characteristics:

- ❖ Tough processing of value laws in digital environment (*Unlike the infinite resource, which increases with the release of information value, the increase in the value of the material objects depends on the existence of a "deficit" and more labor*);
- ❖ A difficult description of the exclusive rights as property right (*the non-use of the "restriction for use" function, which is equivalent to the "ownership" of the content's nature of information*);

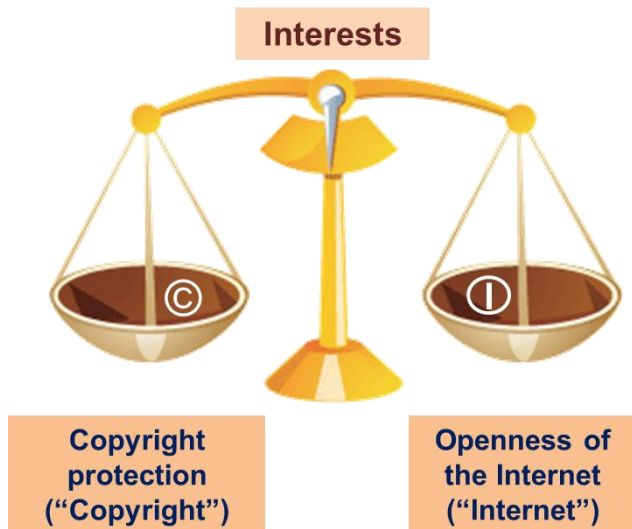
1.3. Results:

- ❖ Violation of the balance of "Author - holder - User" system on the global network, the occurrence of contradictions and the illegal use of copyright weak impact of enforcement measures.

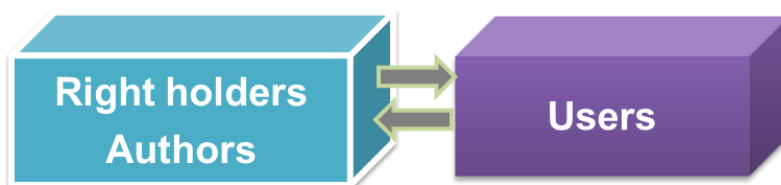
2. «Copyright-Internet» conflict and its sides (carriers):

2.1.

- Carriers of «**Copyright**» interests: Right holders, Authors;
- Carriers of «**Internet**» interests: Users.



Objective conflict



Essence: Creation of intellectual product and not to receive full income from its creation; also easy obtaining the copy of digital content and its exchange from far distance.

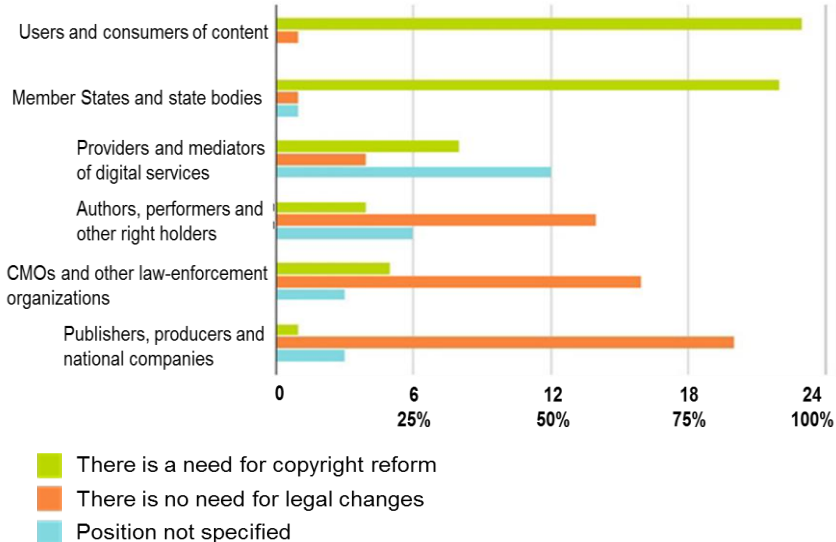
Subjective conflict



Essence: Right holders (Authors) often fail to sue against actual infringers / users because of anonymity and extensive coverage of users with actual distortions and therefore put the fault on the Providers.

- **Result:** Right holders, Authors and Users are main parts (*carriers*) of conflict. But Providers are indirectly involved in the conflict (carrier).

2.2. Researches on EU Copyright Reforms (2014)



Source: *Report of European Commission*

According to survey results:

- **Net users and content consumers** completely, **mediators and providers** partly **support** limitations and exceptions providing easy trans-border accession to content and thus **support broadening rights of content users**.
- **Right holders** (including authors, publishers CMOs) are against to changes in legislation (*limitations and exception in the favor of users*) and **they support traditional licensing schemes**.
- **Governments of member States and state bodies** – support harmonization of law space and they **consider “Licensing in Europe” document the best option**.

Thus:

a) «Enforcement of copyright and respect for authorship»:

- **Content users** are against toughening of enforcement;
- **Most of authors and performers**, on the contrary think that existing legislation doesn't provide protection of copyright objects;
- A part of right holders think that the updated legal enforcement system should be directed to the Providers and they must pay compensation to the owner of work (authors) for the use.
- Collective management organizations are supporters of toughening sanctions for illegal commercial use.

3. Expectations from copyright reform.

3.1. The current activity context of IP in the world is essentially different from the time it was created.

Changing the place of intellectual property in the economy as well as society, transforming it into a knowledge-based economy, the important tool of digital society and the safeguard of cultural heritage, also requires changing our attitude to the IP and its role [«To remove the copyright system from stress » (*F.Gurry*) new views and models are desirable].

- Internet culture will grow so much that the impact of its platforms on the IP behavior will not be less than the right.

3.2. Principles and Recommendations of the WIPO about the copyright in digital environment (*F.Gurry*):

- The success of the approach, the regulation of online usage schemes should align with the expectations of the users, should be as easy to use as the illegal use and licensing;
- The purpose of the copyright is to cooperate with all technologies related to the creation and dissemination of works, to benefit from the cultural exchange through these technologies, not to focus on the protection of business models created on the basis of old technologies by creating new business models.
- The file content created by the digital era is both the main product and the source of the digital economy, just like a digital file – it is both technology and production space.
- To influence the change in the attitude towards the IP not piracy (called pirate, no longer paying attention to it), it is necessary to speak more about the financial stability of the XXI century culture.
- An adequate response to the challenge of managing intellectual property: will be the combination of rights, infrastructure, culture

changes, institutional cooperation and new business models.

- « The purpose of copyright is to promote cultural dynamism, not the promotion of business interests» (*F.Gurry*).
- A new approach to Intellectual Property (Copyrights) in Digital Networks should replace the function that prohibits the use of the function with the free function (by paying royalty).

4. Azerbaijan's approach, new business-model and implementation.

4.1. Chronology.

- ✓ **2009-2010:** A new business project has been offered by Agency on management of rights on internet.
- ✓ **08.2011 – 05.2013:** Twinning project has been implemented in cooperation with leading countries of Europe on the base of this project.
- ✓ **09.2010:** Digital rights management highlighted in the presentation entitled "Copyrights in Azerbaijan: Opportunities and Prospects" with the participation of WIPO's intellectual property specialists and managers.
- ✓ During the last 4 years (**2013-2016**), theoretical basis and implementation of the project were discussed at 5 international conferences (*2 of them have been held in cooperation with WIPO*).
- ✓ **07.11.2012** At the Global Forum on Internet Governance on behalf of Eastern European States, a presentation titled "Copyright and Internet: clash of interests and search for compromise" was made.

- ✓ **06.2014** Within the framework of Azerbaijan's chairmanship of the Committee of Ministers of the Council of Europe, "Digitalization and Digital Copyright Rights" were presented at the "First Platform on Culture and Digitization - Baku Conference".
- ✓ **08.2015** Reports were made at the V International Conference on "Management and Optimization".
- ✓ 7 scientific articles have been published in the authoritative sources related to digital rights management in Azerbaijan, one book has been prepared and supported by the Science Development Foundation under the President of the Republic of Azerbaijan.
- ✓ **The creation of the system is reflected in the "Azerbaijan 2020: Look into the Future" Development Concept.**

4.2. Taking into consideration of law, infrastructure, business model and cultural change.

- Law on "Enforcement of Intellectual Property Rights and Fight against Piracy" (2012) and Draft law on "Copyright management on a collective basis on the Internet" and normative-legal acts up to 10.
- Center for the Enforcement of Intellectual Property Rights, the principle of "one-stop-shops" in digital rights management and business-model based on compulsory licensing.

4.3. Theoretical bases of business model.

- ❖ Coalition game by 3 interested Parties (*Right holders, Users and Authors*) in cyberspace and the search of compromise stable stability points (*Providers' behavior is regulated separately*).
- ❖ Selecting opportunities of interested parties:

(a) Free use of copyright objects on net (*limitation for copyright on net*).

(b) Free use of the copyrighted material on the Internet, subject to the payment of royalties (*compulsory licensing – including of additional limitation*).

(c) Toughening requirements on the use of copyright-related rights on the Internet (*traditional licensing development in a rigid direction*).

4.4. Priority options by the parties:

▪ Right holders: (a) > (b) > (c) (*permanent*)

▪ Users: (c) > (b) > (a) (*most probably*)

(b) > (a) > (c) (*possible*)

▪ Authors: (b) > (c) > (a) (*most probably*)

(c) > (b) > (a) (*possible*)

Results:

▪ In a fuzzy coalition game, strong coalition equilibrium occurs in the (b) and (c) variants, and variant, (a) does not have any stable balance.

▪ Comparison of (b) and (c) variants show that, in (b) variant a strong constant balance occurs and then the copyright holders are "constantly", authors and users are "most likely" preferred trends in the case of a completely different choice (Right holders - (c) Authors - (b) Users - (a))

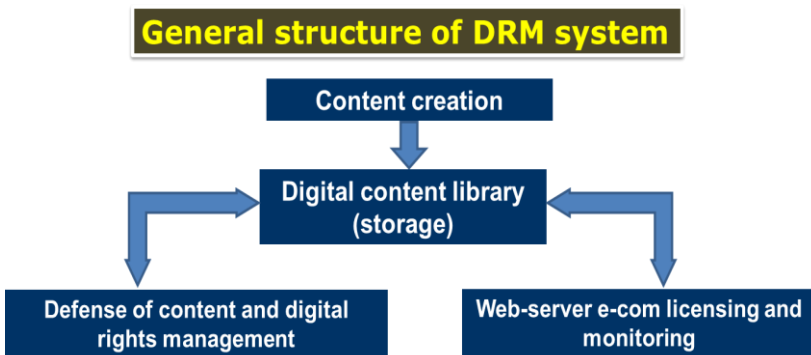
Proposal: (b) → (c) → (a) sequence is more convenient.

Thus: The use of the (negative) function is substituted by the allowed (positive) function – free use on condition that you pay royalties (*compulsory licensing, including collective management*).

➤ Based on this, the Agency has established a DRM system for digital rights management and its pilot version is being developed.

4.5. Purpose and destination of DRM system:

- ❖ Determination of the features of digital content, registration, electronic management and commercial, digital monitoring and misuse of information is the creation of an information infrastructure (platform).
- ❖ Transformation of the Agency into the National Cultural Digital Content Aggregator.



4.6. Subsystems:

- Online clearance and registration.
- Content protection via Watermark.
- Managing content based digital content.
- Monitoring and evaluation of use.
- Implementing of E-Sales.

4.7. Watermark and identification system.

Azərbaycan Respublikası
Müəllif Hüquqları Agentliyi

[Azərbaycan Respublikası Müəllif Hüquqları Agentliyi - Ana sahifə] Applicationu Bağla

Rəqəmsal Hüquqların İdarəetmə Sistemi (Digital Rights Management) - addım-addım bələdiyyə kitabı

Rəqəmsal hüquqların effektiv idarəetməsi və rəqəmsal şəkillərin, videoların, audioların, 3D modellərin və Web sahifələrinin aşkarlıq üçün təzminatı.

1. Şəkli, audio və ya video faylı seçin.
2. Düzgün alata seçib, sənizə uyğun yerləşdirin (ImageMark, VideoMark, AudioMark, 3DMark).
3. Bütün alatlara su nişanının açarı üçün 100 100 nömrədən istifadə edin (Müəllif Hüquqları Agentliyin unikal nömrəsi).
4. Müəllif Hüquqları Agentliyin Elektron mühüdü alava etmək və müəllif hüquqlarının məlumatını idarə etmək üçün SDRM alətini açın ("yerləşdirilən mühür menyusunda" Unikal ID Nömrələr" - 32667").
5. İnternet üzərində Agentliyin su işarələrini aşkar etmək üçün WebCrawley alətindən istifadə edin.
6. Daha çox dəstək üçün aşağıdakı dərsləyə baxın!

©
Run ImageMark

Run VideoMark

Run AudioMark

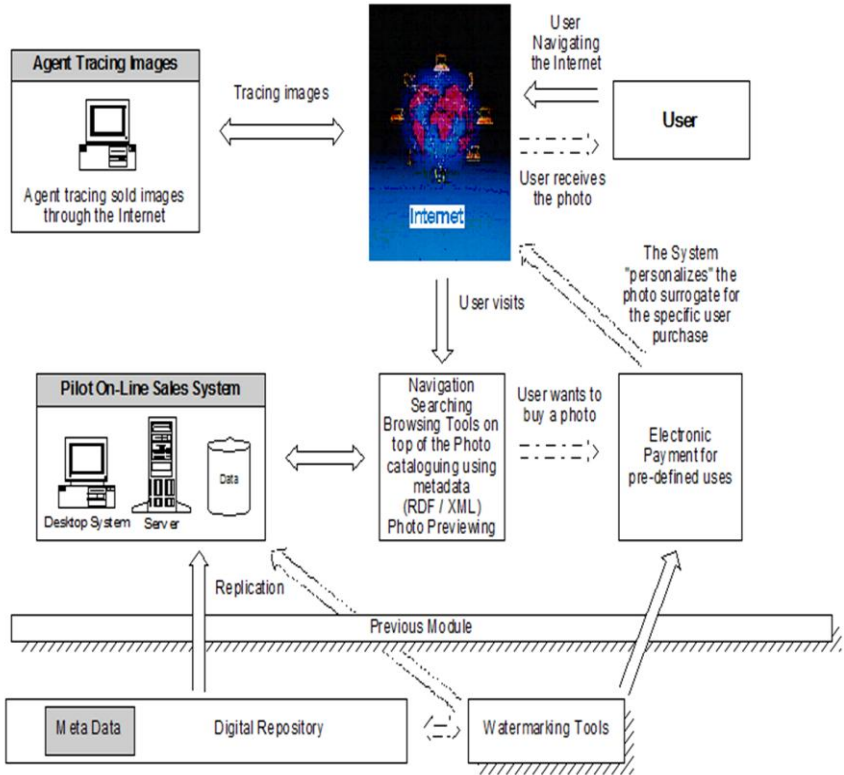
W
Run 3DMark

Crawler
Run WebCrawler

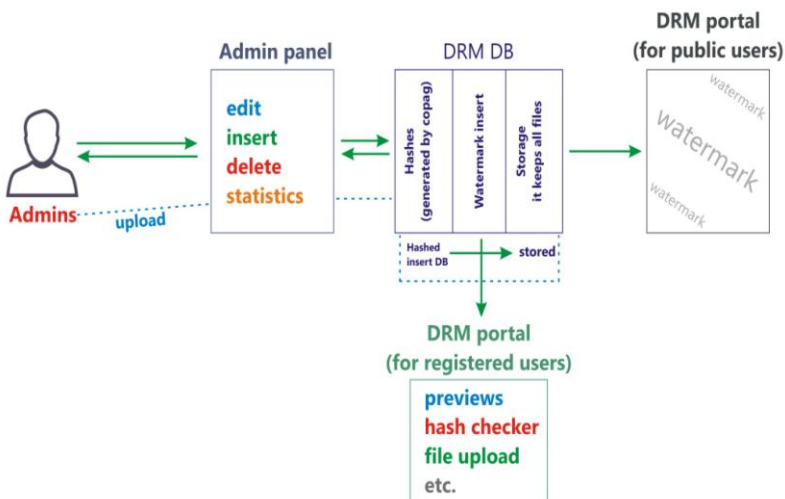
Thus, the system may use 2 mode of operation:

- a) Cyber-Monitoring: observe the use of works in the network and pay compensation for the right holder;
- b) E-shop usage mode.

E-sales information structure



Watermark represents logo and writings (for example the name of site or organization) placed via special method on documents, pictures, videos, music and all files. Placing watermarks on these documents mean the first entity published that. Only the Copyright Agency may endorse the originality of the file.



In order to ensure the implementation of relevant tasks arising from the "Azerbaijan 2020: Looking to the Future" Development Concept A digital numerical rights management system based on a single-stop-shop format and online permits has been created to use objects protected by intellectual property rights on a global digital network, In order to form an electronic database, information about more than 1900, including 584 text works, 655 audio materials, 225 video material, 114 photos, 411 authors and other right holder have been digitized and uploaded to electronic database.

