EXHIBIT "R"

EXPLANATORY NOTES

INTRODUCTION

Over the years, Narcotics Anonymous has developed a book and a variety of booklets and pamphlets. Most of us assume that the World Service Conference has the authority to approve new or revised NA literature, and that the World Service Office has the responsibility to copyright, print, and distribute that literature. A variety of WSC actions, recorded in Conference minutes and handbooks, describe different parts of this arrangement. However, those parts have never been gathered together into a single comprehensive policy document. The absence of such a document has, at times, resulted in much confusion within the Narcotics Anonymous Fellowship concerning the approval, copyrighting, and publication of NA literature.

The document you now have in your hands, "The Fellowship Intellectual Property Trust," has been created to eliminate that confusion. It takes all the current policies relating to the approval, copyrighting, and publication of NA literature, combining them into a single, comprehensive, definitive, legally binding policy document. The document specifically describes the authority of the Fellowship, the Conference, and the Office regarding NA literature--essentially, the same authority as exists today.

These policies have been cast as a legal document, a "trust." This has been done, in part, because US law and international treaty regulate the way "intellectual property"--copyrights, trademarks, and other creations of the mind or spirit--should be administered. The legal "trust" framework has been used because it fits the relationship established in Narcotics Anonymous between the Fellowship and its service bodies where NA literature and marks are concerned.

NA's fellowshipwide service and decision-making body, the World Service Conference, has both the responsibility to create or revise NA literature and the authority to approve it. It gives this approved literature, in trust, to the World Service Office, which is expected to publish it in accordance with the directions of the World Service Conference. The literature is created and published to benefit the Fellowship of Narcotics Anonymous in fulfilling its primary purpose: "to carry the message to the addict who still suffers." In legal trust terminology, this makes the World Service Conference the *Trustor,* the World Service Office the *Trustee,* and the NA Fellowship the *Beneficiary*. By casting the policies affecting this

arrangement as a registered legal document, we insure that those policies can be enforced, if need be, by the California state government.

Over the past year, the Fellowship Intellectual Property Trust has been discussed widely in the world service community. The text, originally developed by the WSO Board of Directors in mid-1991, was turned over to the Internal Affairs Committee of the World Service Board of Trustees for completion. At a combined world services meeting held in Van Nuys, California, on October 26, 1991, the final draft was approved for action at the 1992 annual meeting of the World Service Conference.

Please be aware that the explanatory notes appearing on the next few pages are not being proposed for Conference approval. The notes are offered only to help you better understand the material. Only the Trust Instrument and Operational Rules are being presented for action.

If the document is approved by the Conference, the Trust Instrument will be formally registered with the California attorney general's office. After that, any questions anyone may have about approval, changes, copyrights, or publication of NA literature may be answered by referring to the Fellowship Intellectual Property Trust Instrument and Operational Rules.

World Service Board of Trustees

TRUST INSTRUMENT (PP. 8-13)

The first six pages of the Trust document are the legal "trust instrument," which would be filed with the California attorney general. The Trust Instrument offers the description of the relationship between the Fellowship, the World Service Conference, and the World Service Office required in registering a charitable trust in California. Our intellectual property counsel took part in creating the Instrument, and assures us that it is consistent with California charitable trust law. In Article IV, the Trust Instrument is tied to the Trust Operational Rules, an internal Fellowship policy document describing how the Trust would actually work.

TRUST OPERATIONAL RULES (PP. 14-32)

The next nineteen pages of the Trust document, pages 14-32, are the working "operational rules," the bylaws or guidelines which will control the actual administration of the Trust and the relationship between the parties to the Trust: the Fellowship, the Conference, and the Office.

Article I: Background, purpose, and parties of the Trust

Section 1 provides a brief documentary history of the trust relationship that has already developed between the Fellowship, the World Service Office, and the World Service Board of Trustees and the World Service Conference prior to the formal creation of the Fellowship Intellectual Property Trust.

Section 2 summarizes the general purpose of the Trust Operational Rules.

Section 3 briefly defines and describes the three parties to the Fellowship Intellectual Property Trust: the *Trustor,* the *Trustee,* and the *Beneficiary*. In all trusts, the *trustor* establishes the general policies that guide the administration of the trust property. The *trustee* carries out the trustor's instructions in the day-to-day management of the property of the trust. And the *beneficiary* is the person or group of people in whose interest the trust is managed. In this Trust, the Trustor is the World Service Conference, the Trustee is the World Service Office, and the Beneficiary is the NA Fellowship as a whole. It is our belief that these trust roles line up pretty closely with the roles the Conference, the Office, and the Fellowship have already come to play in NA's development. We have not described anything new in the Fellowship Intellectual Property Trust; we have merely tried to mirror the existing service relationships in our Fellowship.

In developing this Trust document, we have taken time to consult with a number of NA members. One of the questions they have asked is, "If the *Trustor* is supposed to create the policy by which the Trust is actually administered, why not place the NA membership or the NA groups in the position of Trustor here, rather than the World Service Conference?" Such an arrangement would certainly give individual members and groups a great deal more direct control of our literature and marks than they have now. However, this arrangement would give individual NA members and groups the authority to make decisions on their own concerning the Fellowship's literature. Such decisions really *should* be made by the entire Fellowship, not by a few individual members or a few individual groups. That's one reason why we've placed the World Service Conference in the Trustor's position: so that decisions affecting the entire Fellowship's literature can be made in an equitable, responsible way through the already-established fellowshipwide decision-making process.

Another reason for placing the World Service Conference, rather than the NA membership or the NA groups, in the Trustor's role is to provide for practical, direct accountability of the Trust. Whoever is selected to be the Trustor needs to be able both to oversee the Trustee's performance and to provide additional direction to the Trustee if the need arises. If "the NA membership" or "the NA

groups" were to be the Trustor, they would not really have any way of collectively overseeing Trustee performance or providing instructions, unless they were to do so through the World Service Conference--in which case, why not just place the WSC as the Trustor, as the plan now calls for?

Article II: Intellectual properties held in trust

The first four sections of this article simply describe the items that have been placed in trust: NA's Twelve Steps and Traditions, other NA literature, NA's name and marks, and the copyrights to NA literature. The Trust document regulates the creation, revision, and use of these items in a way consistent with already-approved World Service Conference policy.

From time to time, questions have arisen concerning the rights of those who participate in creating NA literature. The terms of **Section 5** are intended to settle those questions for all NA literature developed in the future so that the Fellowship's rights to its own literature are indisputably secured through the Fellowship Intellectual Property Trust. Section 5 offers a very specific definition of the terms under which NA literature is created and copyrighted. We believe this definition is consistent with our Fellowship's philosophy of both the anonymity and the accountability of its trusted servants, and with precedence and already-established Fellowship policy. When our trusted servants take part in an NA service project, we expect them to do so not to accrue power, property, or prestige to themselves but to unselfishly serve our Fellowship. And we expect that our Fellowship, through its service structure, will have final authority over such projects from start to finish.

Throughout Article II, we find statements like this: "The ownership of [our literature] will be registered in the name of the Trustee," the World Service Office. Some members might ask, "Does this mean that, if this Trust document is approved, the World Service Conference and the Fellowship *won't* own our literature?" Practically speaking, the answer to that question is *no.* Ever since the World Service Office was created in the early Seventies, it has been the *legal owner* of the copyrights to our literature. However, WSO itself has been--and, under the terms of the Trust, will continue to be--subject to the direction of the Fellowship through the World Service Conference. WSO may be the legal owner of the Fellowship's literature, but the Fellowship, through the World Service Conference, has ultimate legal control of WSO. The World Service Office is not, after all, a completely independent entity; it is our Fellowship's world service

corporation. All Article II says is that legal ownership of the Fellowship's literature will be registered in the name of the Fellowship's legal corporation.

Article III: Rights and responsibilities of the Trustor

In this article, the role of NA's World Service Conference in the creation, approval, and revision of NA literature is clearly described: The Conference, and *only* the Conference, currently has the authority to approve or revise NA literature on behalf of the entire Fellowship. (Before the creation of the Conference, the World Service Board of Trustees had that authority.) The relationship between the Conference and its boards and committees, and the process whereby new or revised NA literature is approved, is described in clear, definitive terms that are consistent with already-approved Fellowship policy.

We have been asked to clarify the use of the term "agent," used in Article III, Section 1. The "agents" of the World Service Conference being referred to here are simply the boards, standing committees, and ad hoc committees of the Conference, the groups through which the WSC does its detail work.

Article IV: Rights and responsibilities of the Trustee

This article of the Operational Rules goes into great detail in describing the role, responsibilities, and limitations that have been placed on the World Service Office corporation in administering the Fellowship's literature and trademarks. Three particular sections of Article IV seem to deserve special attention:

Section 3 defines the "fiduciary" relationship between the Trustor (the Conference) and the Trustee (the Office). Basically, the fiduciary relationship is one where someone is given something to care for--copyrights, for example--and specific instructions about how to provide that care. Further instructions on how that care should be given may be issued as time goes on, and the caretaker is obliged to follow those instructions. Though the thing being cared for may come to be *legally* registered as the property of the caretaker, the original owner (in our case, the World Service Conference) maintains what is called *equitable interest* in the property, and may take it back if he pleases. This is the fiduciary relationship, and it matches well the arrangements that have been made in past years for the management and protection of Conference-approved literature copyrights by the World Service Office.

Section 11 describes the process to be used in protecting the Trust's intellectual properties. It allows the World Service Office to respond in a timely manner to infringement of the Trust's copyright, trademark, and service mark

registrations, and to inform the Fellowship of the problem. It also gives the Office the authority to settle the problem in the best interests of the Beneficiary, provided that the leadership of the World Service Conference and the World Service Board of Trustees concur. The provisions of Section 11 are consistent with the motion approved at last year's Conference regarding infringement action.

Finally, **Section 12** lays out the Fellowship's requirements for full annual reports from the WSO on its finances and operations, especially as they relate to the Fellowship's literature. This section is included to insure that WSO, as Trustee, remains fully accountable for the way it administers our Intellectual Property Trust.

Article V: Rights and responsibilities of the Beneficiary

This article describes the role of the Beneficiary, the NA Fellowship, in the Trust. One section deserves special attention.

Section 3 goes far beyond the legal requirements normally imposed on trusts. Normally, the beneficiary of a trust is not permitted to examine the trustee's records under any circumstances. Such an arrangement, however, would not be appropriate in Narcotics Anonymous, especially in light of our Ninth Tradition. Therefore, we have drafted Section 3 in such a way as to allow the Fellowship to review the records of the World Service Office. If a region desires an inspection of WSO records, and is willing to pay for it, all WSO records would be open to the inspection, except personnel records. (US federal employment codes require that employers keep these records completely confidential.) Because the inspection team described in this section would include a WSO director, it would not require any change in the WSO bylaws (see WSO bylaws, Section 9.03). The inspection team would be led by a member of the World Service Board of Trustees, who is intended to serve as mediator and controller of the inspection. The reporting coming out of the inspection is designed to be objective, and its results are to be distributed to all Conference participants. This inspection procedure can do two things:

1. It can defuse controversy by thoroughly and objectively investigating any suspicion of impropriety on the part of the WSO in its administration of the Trust, and
2. It allows for open communication, thereby removing any air of suspicion or doubt.

Article VI: Revocation and reassignment of the Trustee's rights and responsibilities

This article provides for a two-stage approach to the revocation and reassignment of Trustee rights and responsibilities. The plan is based on the fact that revocation of the Trustee's responsibilities would be a major organizational move, and should be done only if there is serious widespread concern about the Trustee's ability to fulfill its responsibilities, and only after thorough review.

The **first stage** of the revocation process describes the means by which it will be determined whether there is substantial concern about the Trust's administration. If so, the World Service Conference must then approve *consideration* of a revocation proposal by a majority.

The **second stage** of the revocation process describes the *actual* consideration, revocation, and reassignment. This stage takes a year to complete, allowing time for discussion and Fellowship input. The committee created to study the revocation proposal is composed of a cross-section of World Service Conference participants, with a member of the World Service Board of Trustees chairing the committee. The decision to revoke the Trustee's rights and responsibilities requires approval of three-fourths of the Conference, insuring substantial consensus on so weighty a decision.

Article VII: Revision of Trust Rules and Instrument

This article is a simple process for revision of the Trust Operational Rules and, more significantly, of the Trust Instrument itself. Revision of the Operational Rules can be accomplished on the spot, and requires only the two-thirds vote necessary to alter any Conference policy. Revision of the Trust Instrument, however, takes longer and requires a three-quarters majority. This is to assure that there is substantial consensus behind such a change. Hopefully, such consensus will guarantee Fellowship unity.

ARTICLE II: PARTIES TO THE TRUST

The World Service Conference is the Settlor and the Trustor. World Service Office, Inc. is the Trustee of the Trust. The Fellowship of Narcotics Anonymous as a whole is the Beneficiary of the Trust.

ARTICLE III: IDENTITY OF TRUST PROPERTY

The Trust Property includes all literature, trademarks, service marks, copyrights, and all other intellectual property of the Fellowship. From time to time, the Trustor may add to, modify, or delete property from the Trust. All additions made to the Fellowship's literature, trademarks, service marks, copyrights, and all other intellectual property by the World Service Office shall additionally be considered property subject to this Trust.

ARTICLE IV: OPERATIONAL RULES

The World Service Conference and World Service Office, Inc. shall mutually generate and agree upon Trust Operational Rules, which shall be controlling on the Trust and the parties thereto, except if such Rules conflict with the terms of this Instrument.

ARTICLE V

Section 1: Trustee's duties

The Trustee has the following general duties with respect to administration of the Trust:

1) The Trustee has a duty to administer the Trust according to the Trust Instrument and, except to the extent that this document provides otherwise, according to the statutes of California.
2) The Trustee shall follow written direction given to it from time to time by the Trustor. However, if a written direction would have the effect of modifying the Trust, the Trustee has no duty to follow it unless it complies with the requirements for modifying the Trust herein.
3) The Trustee has a duty to administer the Trust solely in the interest of the Beneficiary and the Trustor.
4) The Trustee has a duty to deal impartially with the Beneficiary.

5) The Trustee has a duty not to use or deal with Trust Property for the Trustee's own profit or for any other purpose unconnected with the Trust, nor to take part in any transaction in which the Trustee has an interest adverse to the Beneficiary or the Trustor.
6) The Trustee has a duty to take, keep control of, and preserve the Trust Property.
7) The Trustee has a duty to make the Trust Property productive.
8) The Trustee has a duty to keep the Trust Property separate from other property not subject to the Trust, and to see that the Trust Property is clearly designated.
9) The Trustee has a duty to take reasonable steps to enforce claims that are part of the Trust Property.
10) The Trustee has a duty to take reasonable steps to defend actions that may result in a loss to the Trust, and to prosecute actions to protect the Trust Property.

Section 2: Delegation of duties

The Trustee shall not delegate to others the performance of acts that the Trustee itself can reasonably be required to perform, and may neither transfer the office of Trustee to another nor delegate the entire administration of the Trust to another entity. All other matters may be delegated, but where the Trustee has properly delegated a matter to an agent, employee, or other person, the Trustee has a duty to exercise reasonable supervision over the person or entity performing the delegated matter.

Section 3: Trustee's standard of care

The Trustee shall administer the Trust with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the Trust as determined from the Trust Instrument.

Section 4: Trustee's powers

The Trustee has the following powers: the powers conferred by the Trust Instrument; the powers conferred by statute, except as limited in the Trust Instrument; and the power to perform any act that a Trustee would perform for the purposes of the Trust under the Trustee's standard of care, except as limited in

the Trust Instrument. The exercise of a power by the Trustee is subject to the Trustee's fiduciary duties to the Beneficiary and the Trustor. Under this document, the Trustee has the following powers:

1) The power to collect, hold, and retain Trust Property.
2) The power to receive additions of property to the Trust.
3) The power to participate in the operation of any business that is part of the Trust, and to change the form of the business.
4) The power to manage and control Trust Property, and to manage, control, and divide proceeds and assets generated from the manufacture or sale of products derived from Trust Property.
5) The power to encumber, mortgage, or pledge Trust Property.
6) The power to enter into a lease for any purpose.
7) The power to insure the Trust Property against damage or loss and to insure the Trustee against third-party liability.
8) The power to borrow money for any Trust purpose, to be repaid from proceeds from the sale of products generated from Trust Property.
9) The power to pay, contest, or settle claims against the Trust by compromise, arbitration or otherwise, and the additional power to release in whole or in part any claim belonging to the Trust.
10) The power to pay taxes, assessments, reasonable compensation of the Trustee and of employees and agents of the Trust, and other expenses incurred in the collection, care, administration, and protection of the Trust.
11) The power to hire people, including accountants, attorneys, auditors, investment advisors, or other agents, even if they are associated or affiliated with the Trustee, to advise or assist the Trustee in the performance of administrative duties.
12) The power to execute and deliver all instruments which are needed to accomplish or facilitate the exercise of the powers vested in the Trustee.
13) The power to prosecute or defend actions, claims, or proceedings for the protection of the Trust Property and of the Trustee in the performance of the Trustee's duties.

Section 5: Limitation

The Trustee is not granted the power to make loans to the Beneficiary either out of Trust Property or out of proceeds from the sale of products generated from Trust Property, or to guarantee loans to the Beneficiary by encumbrances on

either Trust Property or proceeds from the sale of products generated from Trust Property.

Section 6: Indemnification of Trustee

To the fullest extent permitted by law, the Trustor shall indemnify the Trustee and its directors, officers, employees, and other persons described in Section 523(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that code section, and including an action by or in the right of the Trustee, by reason of the fact that the person is or was a person described in that code section. Procedures for the approval of indemnity, advancement of expenses, and insurance shall be described in the Trustee's bylaws.

The Trustee and its directors, officers, employees, and other persons described in Section 523(a) of the California Corporations Code, including persons formerly occupying any such position, may not be relieved of liability for breach of Trust committed intentionally, with gross negligence, in bad faith, or with reckless indifference to the interests of the Beneficiary or the Trustor, or for any act wrongfully consented to by the Beneficiary or the Trustor.

Section 7: Nonpartisan activities by the Trustee

The Trustee shall be nonprofit and nonpartisan. No part of the activities of the Trustee shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the Trustee shall not participate or intervene in any political campaign on behalf of any candidate for public office or for or against any cause or measure being submitted to the people for a vote.

ARTICLE VI: REVOCABILITY

This Trust is revocable by the Trustor, the World Service Conference.

ARTICLE VII: TERMINATION

This Trust will terminate when any of the following occurs:

1) The Trust purpose is fulfilled;
2) The Trust purpose becomes unlawful;
3) The Trust purpose becomes impossible to fulfill; or
4) The Trustor revokes the Trust.

On termination of the Trust, the Trustee continues to have the powers reasonably necessary under the circumstances to wind up the affairs of the Trust. On termination of the Trust, the Trust Property is to be disposed of as determined by the Trustor. If no such determination is made, the Trust Property shall be transferred to the Trustor.

ARTICLE VIII: JURISDICTION

The Superior Court of the State of California has exclusive jurisdiction of proceedings concerning the internal affairs of the Trust, and has concurrent jurisdiction over actions and proceedings to determine the existence of the Trust, actions and proceedings by or against creditors or debtors of the Trust, and actions and proceedings involving the Trustee and third persons, in accordance with California Probate Code Section 17000.

There is no right to a jury trial in proceedings under the California Probate Code concerning the internal affairs of the Trust.

ARTICLE IX: TRUST REGISTRATION

The Trustee shall register the Trust document with the California Attorney General, and shall perform all obligations attendant thereto.

Chairperson
World Service Conference, Trustor

Executive Director
World Service Office, Inc., Trustee

Chairperson, Board of Directors
World Service Office, Inc., Trustee

OPERATIONAL RULES: THE FELLOWSHIP INTELLECTUAL PROPERTY TRUST

ARTICLE I: BACKGROUND, PURPOSE, AND PARTIES OF THE TRUST

SECTION 1: BACKGROUND OF THE TRUST

The foundation for the Fellowship Intellectual Property Trust was laid, in fact, at the 1st World Convention of Narcotics Anonymous, held November 5, 1971, in La Mirada, California, USA. At that convention, the membership of the Fellowship of Narcotics Anonymous directed its World Service Board of Trustees to establish a World Service Office to serve as a central Fellowship contact point, an NA information clearinghouse, and NA's publishing agency. Since that time, the World Service Office has been the Narcotics Anonymous Fellowship's authorized publisher, holding the Fellowship's intellectual property in trust as a fiduciary of the Fellowship's primary service arms, the World Service Board of Trustees (through 1976) and the World Service Conference (from 1976 to the present).

The WSO's role as Fellowship publisher has been described in every approved NA service manual, from the first edition of *The NA Tree* (1975) to the most recent edition of *A Temporary Working Guide to our Service Structure,* as follows: "[A] major function of WSO is the publication and distribution of literature.... WSO is also responsible for the printing, warehousing, and distribution of all existing literature."

On September 15, 1982, the trust relationship was reinforced when the WSC Literature Committee specifically conveyed the copyright to the book *Narcotics Anonymous,* NA's Basic Text, to World Service Office, Inc., such specific trust to be administered in accordance with the direction of the World Service Conference as given at its annual meeting of May 5-9, 1982.

In 1988, the trust relationship was further reinforced when the World Service Conference approved guidelines for the WSC Literature Committee which read, in part: "After the World Literature Committee has completed its work on a piece of literature, it is turned over to the World Service Office for production and

distribution. Production involves copyright registration... Literature is then sold through WSO."

Finally, in 1991, the World Service Conference reaffirmed the trust relationship that had been established over the years between the Fellowship of Narcotics Anonymous, the World Service Conference, and World Service Office, Inc. This was accomplished by the approval of motions which read as follows:

> *To reaffirm and ratify that the ownership of all of NA's intellectual and physical properties prepared in the past, and to be prepared into the future, is held by WSO, Inc., which holds such title in trust on behalf of the Fellowship of Narcotics Anonymous as a whole, in accordance with the decisions of the World Service Conference.*
>
> *To reaffirm that the World Service Office, Inc., is the exclusive publisher and distributor of all World Service Conference-approved literature, including all books, pamphlets, handbooks, and other intellectual and physical properties, as directed by the Fellowship of Narcotics Anonymous through the World Service Conference.*
>
> *The World Service Office Board of Directors is entrusted with the responsibility for protecting the Fellowship's physical and intellectual properties, including the Basic Text, and at the [discretion of the] Board of Directors... shall take legal action to protect those rights against any and all persons who choose to infringe upon this literature trust.*

SECTION 2: PURPOSE OF THESE RULES

These rules describe the way the Fellowship Intellectual Property Trust is to be administered. They describe the intellectual properties held by the Trust, the parties to the Trust, the rights and responsibilities of each of those parties, and the relationship between them. They also describe specific means by which the rights and responsibilities of the Trustee can be revoked and reassigned, and the procedure to be used in altering specific provisions of the Trust Instrument itself.

SECTION 3: PARTIES OF THE TRUST

Trustor: The World Service Conference

The World Service Conference of Narcotics Anonymous brings regional representatives of the NA Fellowship together with world-level trusted servants to

consider matters affecting NA as a whole and to direct NA's world services. As such, it is the Trustor of the Fellowship Intellectual Property Trust, and is responsible for the creation, approval, revision, and decommissioning of NA literature, trademarks, service marks, and other intellectual properties. The Trustor's specific rights and responsibilities are detailed in Article III of these rules and in the currently applicable service manuals.

Trustee: World Service Office, Inc.

World Service Office, Inc., is the Trustee of the Fellowship Intellectual Property Trust, responsible to hold, register, use, and protect the licenses, copyrights, trademarks, service marks, and other intellectual properties composing the Trust Property. The Trustee is responsible to use or regulate the use of those intellectual properties in a manner consistent with the instructions of the Trustor in service to the Beneficiary, the Fellowship of Narcotics Anonymous. The Trustee's specific rights and responsibilities are detailed in Article IV of these rules.

Beneficiary: the Fellowship of Narcotics Anonymous

The Beneficiary of the Fellowship Intellectual Property Trust is the Fellowship of Narcotics Anonymous. The Beneficiary's specific rights and responsibilities are detailed in Article V of these rules.

ARTICLE II:
INTELLECTUAL PROPERTIES HELD IN TRUST

SECTION 1: TWELVE STEPS, TWELVE TRADITIONS

By license agreement with Alcoholics Anonymous World Services, Inc., the Trust holds all rights to the Twelve Steps and Twelve Traditions as adapted for use by the Fellowship of Narcotics Anonymous, listed in Schedule A of these rules.

SECTION 2: OTHER LITERATURE

By assignment from the Trustor, the Trust holds all other literature created directly or indirectly by the Trustor, the Beneficiary, and/or the Trustee.

SECTION 3: TRADEMARKS, SERVICE MARKS

Trademarks and service marks held by the Trust include, but are not necessarily limited to, the name "Narcotics Anonymous," the stylized NA initials in a double circle, and the four-sided diamond enclosed in a circle. The Trust holds legal title to such marks and all translated, adapted, and hybrid forms of such marks.

SECTION 4: COPYRIGHTS

The Trust holds legal title to the copyrights for all books, booklets, pamphlets, workbooks, audio and/or video recordings, and service guides, both in original and in translation, that have been approved by the World Service Conference or its predecessors. The Trust holds legal title to the copyrights for all volumes and numbers, both in original and in translation, of *The NA Way Magazine*, a periodical publication created and directed by the World Service Conference. The Trust holds legal title to the copyrights for all literary works in progress, both in original and in translation, developed by the World Service Conference, its boards, and its committees.

SECTION 5: NATURE OF OWNERSHIP OF THE TRUST'S COPYRIGHTED LITERATURE

The creation of all new or revised Trust literary properties will be commissioned by the Trustor, either directly or through a subordinate board or committee. The process used to create those properties, from commencement to conclusion, will

be under the constant control of the Trustor, exercised directly or by a subordinate board or committee. Individuals who take part in the creation of those properties will do so as employees of either the Trustor or the Trustee, whether salaried or volunteer, with full knowledge of the commissioning and controlling interests of the Trustor. No individual participant in any project designed to create or revise Trust literature will retain any claim of copyright with respect to their contributions thereto. The ownership of these Trust Properties will be registered in the name of the Trustee.

ARTICLE III:
RIGHTS AND RESPONSIBILITIES OF THE TRUSTOR

SECTION 1: GENERAL RIGHTS AND RESPONSIBILITIES

The World Service Conference of Narcotics Anonymous, Trustor of the Fellowship Intellectual Property Trust, is the body given authority by the NA Fellowship to make decisions and deliver services affecting the NA Fellowship as a whole. As such, the Trustor has sole authority to approve any revision of the NA Fellowship's adaptation of the Twelve Steps and Twelve Traditions. The Trustor and its designated agents have sole authority to commission, direct, and approve the creation and revision of books, booklets, informational pamphlets, service guides, and periodicals for and on behalf of the NA Fellowship. The Trustor and its designated agents have sole authority to create or revise trademarks and service marks for and on behalf of the NA Fellowship.

SECTION 2: PREDECESSOR TO THE WORLD SERVICE CONFERENCE

The World Service Board of Trustees of Narcotics Anonymous and its agents, from its founding until the first meeting of the World Service Conference on November 13, 1976, had sole authority to make decisions and deliver services affecting the NA Fellowship as a whole. Upon the creation of the World Service Conference, the World Service Board's authority passed to the Conference.

SECTION 3: WSC BOARDS AND COMMITTEES

The World Service Conference of Narcotics Anonymous accomplishes its tasks, including those tasks having to do with the Trust, through subsidiary boards and committees. The Conference may dissolve existing boards and committees and create new boards and committees. The Conference may select the leadership and composition of its boards and committees. The Conference may delegate portions of its authority to its subsidiary boards and committees. However, in all matters and at all times, these boards and committees are subject to the direction of the World Service Conference.

The specific purpose, function, authority, and composition of each of the Conference's standing subsidiary boards and committees, and the relationship

between them and the Conference, is described in the relevant guidelines and handbooks approved by the World Service Conference. The Conference regulates its ad hoc committees through motions passed at its annual meeting, recorded in its Minutes.

SECTION 4: ADDITION, REVISION, OR DELETION OF PROPERTIES FROM THE TRUST BY THE TRUSTOR

The Trustor may add properties to the Trust, delete properties from the Trust, or revise the content or nature of Trust Properties by the following means:

1. Proposals must be distributed to voting participants of the World Service Conference no less than ninety days prior to the annual meeting at which the proposals will be considered.
2. For such a proposal to be approved, two-thirds of the Conference's voting participants recorded as present in the roll call immediately prior to the vote must vote "yes" to the proposal.

ARTICLE IV
RIGHTS AND RESPONSIBILITIES OF THE TRUSTEE

SECTION 1: IDENTIFICATION OF TRUSTEE

World Service Office, Inc., a California nonprofit public benefit corporation, is Trustee of the Fellowship Intellectual Property Trust. Its bylaws are filed with the California Secretary of State.

SECTION 2: GENERAL RESPONSIBILITIES FOR TRUST PROPERTIES

The Trustee shall hold in a fiduciary capacity the right to control and use all Trust Properties, and specifically to manufacture and sell products generated from Trust Properties, so long as the Trustee's actions are not inconsistent with the directions of the Trustor.

SECTION 3: FIDUCIARY RELATIONSHIP TO TRUSTOR

The Trustee is a service entity which functions within the totality of the Fellowship of Narcotics Anonymous and, in so doing, endorses the aims, goals, and purposes of the Fellowship. The Trustee, including its directors, officers, and employees, is and shall be subject to, and will abide by, the principles of the Twelve Traditions of Narcotics Anonymous as set forth in the book *Narcotics Anonymous*.

Further, the Trustee shall abide by motions adopted by the Trustor at each World Service Conference meeting, and shall implement decisions reached by the Trustor as they pertain to the administration of the Trust. This applies even to decisions reached by the Trustor which have the effect of modifying either the Trust Operational Rules or the Trust Instrument, provided those decisions are reached in a way that is consistent with Article VII of these Rules. It is herein specifically acknowledged that the Trustee acts as a fiduciary in its dealings with and on behalf of the Trustor.

SECTION 4: TRUSTEE COMPENSATION

Directors and officers of the corporation serving as Trustee shall serve without compensation, but may be reimbursed for expenses they incur in their service to the Trust.

No director, officer, employee, or other person connected with the Trustee, or any other private individual, shall receive at any time any of the net earnings or pecuniary profit generated by the Trust; provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services rendered to or for the Trustee in furtherance of its purposes.

SECTION 5: REGISTRATION OF TRUST PROPERTIES

The Trustee shall take all reasonable measures to register and protect the Trust's copyrights, trademarks, and service marks, both in their original forms and in their translated, adapted, or hybrid forms, in the United States and other countries where those properties are used or are likely to be used, in accordance with the provisions of United States law and all applicable international intellectual property rights treaties.

SECTION 6: MANUFACTURE, DISTRIBUTION, AND SALE OF PRODUCTS

The Trustee shall use, produce, print, manufacture, and/or reproduce products using Trust Properties, and shall offer such products for sale to the Beneficiary and the general public. The Trustee may enter into appropriate agreements and arrangements with third parties regarding the manufacture, distribution, and sale of products using Trust Properties.

SECTION 7: TRUSTEE AUTHORITY WITHOUT NOTICE OR PERMISSION

In the absence of the Trustor's specific direction to the contrary, the Trustee may make the following decisions relative to administration of the Trust without prior notice to or permission of the Trustor:

1. The Trustee has complete discretion as to the manufacturing format of products generated from Trust Properties, including appearance, design, typeface, paper grade, binding, cover, ink, or other material.

2. The Trustee has complete discretion in the management of all affairs related to the perpetuation of the Trust's business, including contracts, leases, licenses, covenants, manufacturing specifications, inventory and production quantities, distribution and marketing policies and programs, and pricing of products generated from Trust Properties.

SECTION 8: TRUSTEE OBLIGATION FOR NOTICE AND APPROVAL

The Trustee must notify the Trustor at least ninety days prior to any given annual Trustor meeting of the Trustee's intent to publish or otherwise manufacture a product based on an alteration of any Trust Property. The Trustee may not publish or manufacture such a product prior to receiving the Trustor's approval at that annual meeting. For such a proposal to be approved, two-thirds of the Conference's voting participants recorded as present in the roll call immediately prior to the vote must vote "yes" to the proposal.

SECTION 9: UTILIZATION OF REVENUES

From the revenues accruing from licenses, covenants, or sale of products generated from Trust Properties, the Trustee shall provide services as directed by the Trustor, including but not limited to the following services:

1. The Trustee shall provide administrative, organizational, and logistical services to the World Service Conference of Narcotics Anonymous and the Fellowship of Narcotics Anonymous at large in whatever capacities the Trustor may desire or direct.
2. The Trustee shall provide service to individual addicts and groups of addicts seeking recovery from addiction, and shall assist the general public in understanding addiction and the Narcotics Anonymous program for recovery from addiction. Such assistance may include direct and indirect communication with addicts, organizations, agencies, governments, and the public at large.
3. The Trustee shall publish and distribute periodicals written or prepared by and/or for the Fellowship of Narcotics Anonymous as it may be directed by the Trustor.
4. The Trustee shall not utilize revenues generated from Trust Properties to engage in any activities or exercise any powers that are not in furtherance of the purposes described above.

SECTION 10: DISBURSEMENT OF TRUST REVENUE

The Trustee shall hold and manage in a fiduciary capacity the income produced by any of the activities described in Article IV, Sections 6 and 9, of these Rules in such a manner as to further the purpose described in Article I, Section 4, of the Trust Instrument.

Auditing

Each year, the Trustee shall contract with a certified public accountant who will conduct a review audit of the Trust's fiscal activity. In addition, every five years the Trustee shall contract with a certified public accountant who will conduct a certified process audit to evaluate the internal policies and procedures used by the Trustee in administering the Trust, their effectiveness, and the Trustee's adherence thereto. The results of these audits shall be published to the Trustor at or before its annual meeting.

SECTION 11: PROTECTION OF TRUST PROPERTIES

The Trustee shall have the duty and authority to protect the Trust Properties from infringement. The Trustee will utilize the following process to proceed with protection of the Trust Properties.

1. Before legal proceedings are initiated, the Trustee will request that all infringing parties cease and desist their infringement.
2. The Trustee will seek to resolve the infringement prior to filing formal litigation.
3. At least three-quarters of the directors of the corporation identified as Trustee must approve a proposal to file suit.
4. The Trustee's intent to file suit must be ratified by at least two-thirds of the members of the World Service Board of Trustees before suit may be filed.
5. Prior to filing, the Trustee will report to all World Service Conference participants its intent to file infringement suit, unless the provision of such a report would demonstrably impair the Trustee's ability to effectively protect Trust Property. In the event that prior notice of intention to protect the intellectual properties of the Trust would jeopardize the success of any action, appropriate provisions or remedies such as injunctions and seizure orders may be sought without prior notice.

6. Once filed, settlement of infringement litigation shall be at the discretion of the Trustee, the chairperson and vice chairperson of the World Service Conference, and the chairperson and vice chairperson of the World Service Board of Trustees.

SECTION 12: TRUSTEE REPORTING OBLIGATION

Each year, the Trustee shall give a full written report of its activities to the Trustor. This report shall be delivered to all voting participants of the World Service Conference at or before its annual meeting, and shall be available at cost or less to any Narcotics Anonymous member. This report shall include:

1. A review audit of the Trust for the previous year. Additionally, every five years it shall include a process audit of the Trustee's fiscal management procedures.
2. A description of all Trustee activities funded from proceeds generated by the Trust in the previous year.
3. A budget and project-description for Trustee activities planned for the coming year.

ARTICLE V:
RIGHTS AND RESPONSIBILITIES OF THE BENEFICIARY

SECTION 1: FELLOWSHIP USE OF TRUST PROPERTIES

Reproductions of all Trust Properties, including NA's adapted Twelve Steps and Twelve Traditions, published NA literature, and NA's trademarks and service marks, are to be available for the use of the Beneficiary, the Fellowship of Narcotics Anonymous. However, neither the Beneficiary itself nor its members have the legal right to produce or reproduce any Trust Properties.

SECTION 2: BENEFICIARY IMPACT ON THE TRUST

The Beneficiary may take part in decisions affecting the Trust through the established Narcotics Anonymous service structure, as described in the most recent Narcotics Anonymous service manual.

SECTION 3: INSPECTION OF TRUSTEE ACTIVITIES

Conditions of inspection

Any regional service committee may inspect the records and operations of the Trust on behalf of the Beneficiary, provided the following conditions are met.

1. A region's motion to conduct an inspection of the Trust must be approved by two-thirds or more of the regional service committee's voting participants.
2. The regional service committee wishing to inspect the Trust must assume the full expense of the inspection, including the expenses of the two members of the World Service Board of Trustees and the one member of the board of directors of the corporation designated as Trustee who will take part in the inspection.
3. The regional service committee must present a written request for inspection of the Trust, detailing its concerns and any particular areas of Trust operations it wishes to inspect.

Selection of inspection team

1. The regional service committee requesting the inspection will select two members of the World Service Board of Trustees for inclusion on the inspection team. These two members will facilitate the inspection.
2. The regional service committee requesting the inspection will designate one of its participants to be included on the inspection team.
3. The board of directors of the corporation designated as Trustee will designate either its treasurer or another director on the inspection team.

Inspection limitation

A Trust inspection conducted by a regional service committee on behalf of the Beneficiary may examine any aspect of the Trustee's operations, including all records, with the exception of the Trustee's personnel records.

Report of inspection

1. One of the two inspection team members drawn from the World Service Board of Trustees will develop a report of the team's findings relative to the region's stated concerns. The report will include full documentation of the inspection team's findings.
2. The final report, along with a copy of the original request for inspection, will then be published in the next *Conference Report.*

ARTICLE VI:
REVOCATION AND REASSIGNMENT OF THE TRUSTEE'S RIGHTS AND RESPONSIBILITIES

SECTION 1: CONSIDERATION OF REVOCATION

The Trustee's rights and responsibilities may be revoked and reassigned to another party by the Trustor, provided the following conditions are met:

1. A written petition to revoke the rights and responsibilities of the Trustee must be submitted to the World Service Conference Administrative Committee. To be considered, the petition must meet one of the following two sets of conditions:
   Either the petition must be signed by a third of the regional service committees recognized as voting participants in the most recent annual meeting of the World Service Conference. Each of the regional service committees signing the petition must have received the support of no less than two-thirds of their voting members in doing so.
   Or the petition must be signed by the World Service Board of Trustees. The motion to submit the petition must have been approved by no less than two-thirds of the members of the World Service Board of Trustees.
2. In order to be considered at any given annual meeting of the World Service Conference, such a petition must be received between June 1 and December 31 of the previous year, allowing time for the petition to be distributed to Conference participants.
3. If the above criteria are met, the petition will be placed on the agenda of the next annual meeting of the World Service Conference. Statements of the petitioners will be published with the petition itself in the *Conference Agenda Report.*

SECTION 2: REVOCATION PROCESS

1. A majority of the voting participants of the World Service Conference must approve before proceeding with the revocation process.
2. An ad hoc committee will be appointed by the chairperson of the Conference. The committee will consist of the following:
   a. four regional service representatives

b. the chairperson of the board of directors of the corporation designated as Trustee
c. one member of the WSC Administrative Committee
d. three members of the World Service Board of Trustees, one of whom will chair the committee

3. This committee will hold two forums during the upcoming year to receive Fellowship input, and will provide accounts of those forums in the *Conference Report*.
4. In addition to those forums, the committee will meet at least twice, and will provide accounts of its meetings in the *Conference Report*.
5. At the conclusion of its study, this committee will prepare a written report to be included in the *Conference Agenda Report,* along with any motions or recommendations related to the proposed revocation.
6. Any World Service Conference motion to revoke the Trustee's rights and responsibilities arising from the committee's study will require approval of three-fourths of the voting Conference participants recorded as present in the roll call immediately prior to the vote.

SECTION 3: REASSIGNMENT OF TRUSTEE RESPONSIBILITIES

Should the Trustee's rights and responsibilities be revoked, the Trustor will immediately direct the Trustee to assign those rights and responsibilities either to the Trustor or to the entity the Trustor wishes to administer the Trust. The Trustee shall comply immediately with such direction.

ARTICLE VII:
REVISION OF TRUST RULES AND INSTRUMENT

SECTION 1: REVISION OF TRUST OPERATIONAL RULES

The Trust Operational Rules may be revised by the Trustor under the procedures normally applied to changes in Trustor policy.

SECTION 2: REVISION OF TRUST INSTRUMENT

Provisions of the Trust Instrument may be changed only under the following conditions:

1. Any motion to review proposed revisions to the Trust Instrument must receive the approval of a majority of voting participants of the World Service Conference.
2. After such review is approved by the Conference, proposed revisions will be open for a six-month review and input period, after which the proposed revisions will be presented in the *Conference Agenda Report* for adoption.
3. A motion to adopt any proposed revisions to the Trust Instrument will require approval of three-fourths of those Conference voting participants recorded as present in the roll call immediately prior to the vote.

SCHEDULE A
TWELVE STEPS AND TWELVE TRADITIONS, AS ADAPTED FOR USE BY THE FELLOWSHIP OF NARCOTICS ANONYMOUS

License to adapt the Twelve Steps and Twelve Traditions for use by the Fellowship of Narcotics Anonymous granted by Alcoholics Anonymous World Services, Inc.

TWELVE STEPS

1. We admitted that we were powerless over our addiction, that our lives had become unmanageable.
2. We came to believe that a Power greater than ourselves could restore us to sanity.
3. We made a decision to turn our will and our lives over to the care of God *as we understood Him.*
4. We made a searching and fearless moral inventory of ourselves.
5. We admitted to God, to ourselves, and to another human being the exact nature of our wrongs.
6. We were entirely ready to have God remove all these defects of character.
7. We humbly asked Him to remove our shortcomings.
8. We made a list of all persons we had harmed, and became willing to make amends to them all.
9. We made direct amends to such people wherever possible, except when to do so would injure them or others.
10. We continued to take personal inventory and when we were wrong promptly admitted it.
11. We sought through prayer and meditation to improve our conscious contact with God *as we understood Him,* praying only for knowledge of His will for us and the power to carry that out.
12. Having had a spiritual awakening as a result of these steps, we tried to carry this message to addicts, and to practice these principles in all our affairs.

TWELVE TRADITIONS

1. Our common welfare should come first; personal recovery depends on NA unity.
2. For our group purpose there is but one ultimate authority--a loving God as He may express Himself in our group conscience. Our leaders are but trusted servants; they do not govern.
3. The only requirement for membership is a desire to stop using.
4. Each group should be autonomous except in matters affecting other groups or NA as a whole.
5. Each group has but one primary purpose--to carry the message to the addict who still suffers.
6. An NA group ought never endorse, finance, or lend the NA name to any related facility or outside enterprise, lest problems of money, property, or prestige divert us from our primary purpose.
7. Every NA group ought to be fully self-supporting, declining outside contributions.
8. Narcotics Anonymous should remain forever nonprofessional, but our service centers may employ special workers.
9. NA, as such, ought never be organized; but we may create service boards or committees directly responsible to those they serve.
10. Narcotics Anonymous has no opinion on outside issues; hence the NA name ought never be drawn into public controversy.
11. Our public relations policy is based on attraction rather than promotion; we need always maintain personal anonymity at the level of press, radio, and films.
12. Anonymity is the spiritual foundation of all our traditions, ever reminding us to place principles before personalities.