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## Unit 8 International Law on Intellectual Property

### 1. International Law and Intellectual Property Rights

#### 1.1 Introduction

Intellectual property rights exist primarily by virtue of national laws. So-called global intellectual property rights are a bundle of nationally enforceable rights. However, it is true to say that in most countries, those national rights exist not only as a consequence of domestic legislation or jurisprudence, but because of international, multilateral, bilateral and regional obligations. In a number of regional associations, such as the European Union, there is the possibility of regional legislation either with direct national effect, or which prescribes national intellectual property norms. International intellectual property laws play an important role in harmonising national substantive and procedural rules. This is particularly the case with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which prescribes domestically enforceable norms for the protection of intellectual property rights as a condition of membership of the WTO.

Thus, international law plays an important constitutional role both in providing procedures and modalities for negotiating the norms and standards of domestically enforceable intellectual property rights and in the harmonization of national and regional intellectual property norms. The adoption of common intellectual property standards is facilitated when countries can be assured that the same regulatory standards will prevail in competitor states.

#### 1.2 The Legal Sources of International Intellectual Property Law

The legal sources of international law which are applicable to the international intellectual property regime, as well as all other fields of international law, are conveniently set out in Article 38 of the Statute of the International Court of Justice. This article provides that the Court, in resolving the disputes which are referred to it, shall apply:

- a. international conventions, whether general or particular, establishing rules expressly recognised by the contesting states;
- b. international custom, as evidence of a general practice accepted as law;
- c. the general principles of law recognised by civilised nations;
- d. subject to the provisions of Article 59 [which *inter alia*, allows the court to call witnesses and experts] judicial decisions and the teachings of the most

highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law.

This Article, which became part of the Statute of the Permanent Court of International Justice of the League of Nations, was incorporated into the 1945 Statute of the International Court of Justice. It lists the principal contemporary sources of international law, although without indicating a formal hierarchy of sources. International intellectual property law is largely derived from treaty law, however, with the increasingly central significance of dispute settlement, general principles of law are becoming more important. Assertions of the primacy of human rights principles above intellectual property law are compelling a re-examination of the traditional international sources of intellectual property law.

### **1.2.1 Treaty Law**

The international intellectual property regime is grounded upon the Paris Convention for the Protection of Industrial Property 1883 and the Berne Convention for the Protection of Literary and Artistic Works, 1886. The gradual development of the international intellectual property regime commenced through the promulgation of special treaties under these two treaties. Two important departures from this process was the formulation of the Universal Copyright Convention in parallel with the Berne Convention and the recent promulgation of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights.

The rules of international law governing the interpretation and application of treaties are set out in the 1969 Vienna Convention on the Law of Treaties. Most countries have subscribed to this treaty. The USA is a notable exception, although it has indicated that it accepts the terms of the Convention as reflecting customary international law applying to treaties.

It has not yet been authoritatively established that the treaties establishing regional organizations are governed by the Vienna Convention, but as a matter of practice, this is likely to be the case.

### **1.2.2 Customary International Law**

Unlike other areas of law, intellectual property law has been obliged by technological change to develop fairly rapidly. Consequently, the gradual evolution of international intellectual property law through the application of customary principles is not likely in this area. However, even legislative change is too slow to keep up with technological developments and thus private standard-setting is becoming increasingly important. This is particularly the case with the impact of the Internet upon intellectual property law, where the regulation of domain name registrations occurs on a self-regulatory basis.

A question which has not yet been explored is the extent to which principles of customary law applicable to the protection of real property and tangible chattels apply also to intangible property. Also to be explored are the application of the customary international law principles such as *pacta sunt servanda*<sup>1</sup> and the legal equality of states.



### **1.2.3 Judicial Precedent**

Judicial precedent has not proved to be an important source of international intellectual property law. There have been no intellectual property cases brought before the International Court of Justice, or its predecessor, the Permanent Court of International Justice. This situation has begun to change with the adjudication of breaches of the TRIPS Agreement by the Dispute Settlement Body of the WTO, based upon recommendations by a panel or the Appellate Body. Although the reasoning of the panels and the Appellate Body are not binding, future panels and the Appellate Body are obliged to consider their reasoning. It has been suggested that the rule of law in the international economic system would be promoted if national and regional courts adjudicating matters falling within the purview of WTO Agreements gave effect to decisions of the panels and Appellate Body.<sup>2</sup>

National and regional courts are the principal sources of judicial authority in the intellectual property field, although not primary sources of international law under Article 38 of the Statute of the International Court of Justice, they are important in constituting the body of general principles of international law.

### **1.2.3 Legal Writings**

Article 38 of the Statute of the International Court of Justice refers also to the writings of highly qualified jurists as a secondary source of international law. The common law courts have tended to refer more readily to scholarly works than the civil law courts. In the rapidly developing field of international intellectual property law, the writings of jurists can play an important role in promoting consistency and coherence.

### **1.2.4 General Principles of Law**

Aside from treaty law, general principles of law are the most important source of international intellectual property law. A number of important general principles of judicial procedure have already been incorporated into the enforcement provisions of the TRIPS Agreement, such as the requirement in Art.41.2 that “procedures concerning the enforcement of intellectual property rights shall be fair and equitable” and that they “shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays”. Similarly the requirement in Article 41.3 that decisions be “on the merits of a case shall preferably be in writing and reasoned” and that they “shall be made available at least to the parties to the proceeding without undue delay” are procedural principles which have arguably become generally accepted. Due process is enshrined in the TRIPS Agreement in the requirement in Art 41.3 that “decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard”.

Article 42 of the TRIPS Agreement requires that procedures are fair and equitable in that defendants are entitled to “written notice which is timely and contains sufficient detail, including the basis of the claims”. The Article’s requirement that parties “shall be duly entitled to substantiate their claim and to present all relevant evidence” has probably also



become a general principle of law, as has the requirement that procedures not impose “overly burdensome requirements concerning mandatory personal appearances”.

Substantively, general principles of good faith and equity are probably part of the corpus of substantive international intellectual property law. The doctrine of proportionality, in the sense that laws ought not impose obligations in excess of those that are reasonably necessary to deal with the circumstances which give rise to them is a general legal principle, which has influenced the European Court of Justice.

### **1.3 International Organizations**

The administration of aspects of the international intellectual property regime is undertaken by a number of international and inter-governmental organizations which are also established by treaty. The principal organizations general intellectual property organizations at the international or inter-governmental level are the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO).

Specific aspects of international intellectual property law fall within the mandates of a number of international organizations: copyright and folklore: United Nations Educational Scientific and Cultural Organization (UNESCO); plant variety rights: Union for the Protection of Plant Varieties (UPOV); access to genetic resources: Food and Agricultural Organization (FAO), Conference of Parties of the Convention on Biological Diversity (CBD), United Nations Environment Programme (UNEP); medical technologies: World Health Organization (WHO); neighbouring rights, International Telecommunications Union (ITU); technology transfer, United Nations Industrial Development Organization (UNIDO); technology transfer and the impact of intellectual property rights in developing countries, United Nations Conference on Trade and Development (UNCTAD).

A number of regional organizations have also established intellectual property norms and structures. These include the Andean Pact, European Union (European Patent Organization (EPO) and the Office for Harmonization in the Internal Market (OHIM)), North American Free Trade Association (NAFTA), MERCOSUR and the Association of South East Asian Nations (ASEAN). Additionally, specific intellectual property institutions have been established with regional functions. These include the African Regional Patent Organization (ARIPO) and the Eurasian Patent Office. In each case these organizations were established by treaties which govern their powers and functions.

As each of these organizations were established by treaties, the scope and effect of their operations will also be dictated by the principles of treaty interpretation. In the case of the European Union, the oldest of these regional arrangements, the constitutive treaties play an important constitutional role in which general principles of public international law are replaced by constitutional principles.

The perceived transcendental impact of the global intellectual property regime upon all aspects of human enterprise has caused questions to be raised about the human rights implications of intellectual property. In its Report, *Human Rights and Human Development*, the UNDP suggested that aspects of the TRIPS Agreement might be



inconsistent with the International Covenant on Economic, Social, and Cultural Rights and the International Covenant on Civil and Political Rights<sup>3</sup>.

On 17<sup>th</sup> August 2000 the UN Sub-Commission for the Protection and Promotion of Human Rights, noting that

...actual or potential conflicts exist between the implementation of the TRIPS Agreement and the realization of economic, social and cultural rights in relation to, inter alia, impediments to the transfer of technology to developing countries, the consequences for the enjoyment of the right to food of plant variety rights and the patenting of genetically modified organisms, 'bio-piracy' and the reduction of communities' (especially indigenous communities') control over their own genetic and natural resources and cultural values, and restrictions on access to patented pharmaceuticals and the implications for the enjoyment of the right to health,

adopted a resolution calling into question the impact of the TRIPS Agreement on the human rights of peoples and communities, including farmers and indigenous peoples worldwide. The resolution noted “the apparent conflicts” between the intellectual property rights embodied in the TRIPS Agreement and international human rights law, particularly that “the implementation of the TRIPS Agreement does not adequately reflect the fundamental nature and indivisibility of all human rights, including the right of everyone to enjoy the benefits of scientific progress and its applications, the right to health, the right to food, and the right to self-determination” (Art.2). The resolution reminded “all Governments of the primacy of human rights obligations over economic policies and agreements” (Art.3).

On the other hand, the guarantee in Article 27(2) of the Universal Declaration of Human Rights that “Everyone has the right to protection of the moral and material interest resulting from any scientific, literary or artistic production of which he is the author” suggests that the protection of intellectual property might itself be a human right. This is emphasised in the similarly-worded Art.15.1.c of the International Convention on Economic, Social and Cultural Rights.

The apparently conflicting intellectual property implications of these human rights conventions can be reconciled by contrasting the role of human rights as a foundational justification for intellectual property protection and the impact of human rights norms in shaping existing intellectual property rights. The UN Sub-Commission’s concern was addressed primarily to the possible adverse impact of intellectual property rights upon access to medicines. In this latter context the signatories of the November 2001 Doha Declaration on Public Health have indicated that patent rights in relation to anti-HIV AIDS drugs, should yield to that untrammelled availability of those products.

The former context is illustrated by the demands of indigenous groups that intellectual property protection be erected around the traditional knowledge of those groups.<sup>4</sup>

#### **1.4 Interpretation of International Agreements**



The main principles of treaty interpretation in international law are set out in Articles 31 and 32 of the Vienna Convention on the Law of Treaties. Article 31(1) provides that a treaty “shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its objectives and purpose”. The “context” for the purposes of the interpretation of a treaty, is defined in Art.31(2) in addition to the text, including its preamble and annexes, to comprise:

- (a) any agreement relating to the treaty which was made between all parties in connection with the conclusion of the treaty;
- (b) any instrument which was made by one or more parties in connection with the conclusion of the treaty and accepted by the other parties as an instrument related to the treaty.

Also to be taken into account, according to Art.31(3) together with the context,

- (a) any subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions;
- (b) any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation;
- (c) any relevant rules of international law applicable in the relations between the parties;

Article 31(4) permits the parties to a treaty to give a special meaning to a term.

According to Art.32, recourse may be had to supplementary means of interpretation, including the preparatory work of the treaty and the circumstances of its conclusion, in order to confirm a meaning resulting from an application of Article 31 or to determine a meaning when the interpretation according to the Article leaves the meaning ambiguous or obscure or which leads to a result which is manifestly absurd or unreasonable.

These principles of treaty interpretation in an intellectual property context have been addressed in a number of the Panel and Appellate Body decisions concerned with disputes which have arisen under the TRIPS Agreement.

#### **(a) US-India Patent Protection for Pharmaceuticals (1996)**

This dispute concerned a complaint by the USA that India had failed to establish a mailbox mechanism for the receipt of patent applications, as required by Article 70.8 of the TRIPS Agreement and that it had failed to grant exclusive marketing rights, as required by Article 70.9. The mailbox mechanism was envisaged for developing countries during the transitional period, prior to the substantive patent obligations of the TRIPS Agreement coming into effect in those countries. In setting out the standards applicable to the interpretation of the TRIPS Agreement, the Panel sought to apply the customary rules of interpretation of public international law as set out in the Vienna Convention.<sup>5</sup> The Panel ruled that the good faith interpretation of the TRIPS Agreement required “the protection of legitimate expectations derived from the protection of intellectual property rights”.<sup>6</sup> Also the Panel noted that as the TRIPS Agreement was one of the Multilateral Trade Agreements negotiated under the framework of the GATT 1947,



it was obliged to apply GATT jurisprudence, which also recognised the principle of legitimate expectations.

Sub-paragraph (a) of Article 70.8 of the TRIPS Agreement required that where a WTO Member did not make patent protection for pharmaceutical and agricultural chemical products available at the date of entry into force of the WTO Agreement, it had to provide a means by which applications for patents of such inventions could be filed. In interpreting this sub-paragraph, the Panel stated that “like other provisions of the covered agreements, must be interpreted in the light of (i) the ordinary meaning of its terms; (ii) the context; and (iii) its object and purpose, following the rules set out in Article 31(1) of the Vienna Convention”.<sup>7</sup>

The Panel found that the ordinary meaning of Article 70.8(a) envisaged the establishment of a mechanism to permit the filing of relevant patent applications and the allocation of filing and priority dates “so that the novelty of the inventions in question and the priority of the applications claiming their protection can be preserved for the purposes of determining their eligibility for protection by a patent at the time that product patent protection will be available for these inventions”.<sup>8</sup> The Panel found that these findings were confirmed by the negotiating history of the TRIPS Agreement, “in which the patent protection for pharmaceutical and agricultural chemical products was a key issue”.<sup>9</sup> In addition, the Panel noted that countries were required to provide also for exclusive marketing of the products in question., if those products obtained marketing approval during the transitional period.

Finally, applying the GATT jurisprudence in relation to legitimate expectations<sup>10</sup>, the Panel observed that “predictability in the intellectual property regime is indeed necessary for nationals of WTO Members when they make trade and investment decisions in the course of their businesses”.<sup>11</sup>

Consequently, the Panel concluded that Article 70.8(a) that India was remiss in not having amended its patent law to permit mail box applications to lead to the grant of patents at the end of the transitional period for developing countries. It also concluded that unpublicised administrative practices for the receipt of patent applications did not meet the obligations imposed by the TRIPS Agreement.<sup>12</sup>

The Appellate Body disagreed with the Panel’s distillation of the legitimate expectations principle from earlier GATT 1947 Panel Reports. It considered that since the legitimate expectations principle had developed in the context of non-violation complaints, it would be inappropriate to apply it in a violation context under the TRIPS Agreement.<sup>13</sup> The Appellate Body also rejected the Panel’s inclusion of legitimate expectations within the Vienna Convention principle of “good faith interpretation”, because this involved the imputation of words and concepts into the TRIPS Agreement, which were not there, or, arguably, not intended.<sup>14</sup> The Appellate Body criticised the panel for creating “its own interpretative principle, which is consistent with neither the customary rules of interpretation of public international law nor established GATT/WTO practice”.<sup>15</sup> It stated that both “panels and the Appellate Body must be guided by the rules of treaty interpretation set out in the Vienna Convention and must not add to or diminish rights and obligations provided in the WTO Agreement”.<sup>16</sup>



The Appellate Body considered the issue before it to be what were “means” were envisaged in Article 70.8(a) for the filing of mailbox applications. Applying the interpretative rules from the Vienna Convention, it sought to resolve this question by an examination of the wording of this provision and “in light of the objective and purpose of the TRIPS Agreement”.<sup>17</sup> As the latter includes “the need to promote the effective and adequate protection of intellectual property rights”, the Appellate Body agreed with the Panel that the means established under Art.70.8(a) had to provide a sound legal basis to preserve novelty and priority.<sup>18</sup> It concluded that as the administrative instructions upon which the Indian mailbox system was based, were contradicted by the mandatory provisions of the Indian Patents Act, India had not complied with Article 70.8(a). Similarly, since India had introduced no exclusive marketing legislation, as required by Article 70.9, the Appellate Body agreed that India was also in breach of this provision.

### **(b) US-Canada Term of Patent Protection (2000)**

The measure which was in dispute in this case was s.45 of Canada’s Patent Act, which applied a 17 year patent term to patents granted prior to 1 October 1989. The USA objected that this provision did not make available the 20 year patent term mandated by Article 33 of the TRIPS Agreement. The Dispute Panel agreed with the US objection.<sup>19</sup> Canada objected to the Appellate Body that the Panel decision was inconsistent with Art.70.1 of the TRIPS Agreement, which provided for the non-retroactivity of “acts” which occurred prior to the date of application of the TRIPS Agreement. Canada also relied on Art.28 of the Vienna Convention on the Law of Treaties, which provides that a treaty’s provisions do not operate to bind a party in relation to any act, fact or situation which pre-dates the treaty’s entry into force for that party.

The Panel had ruled that Article 70.1, which was concerned with acts occurring prior to the date of application of the TRIPS Agreement, did not override the rule in Article 70.2 of the Agreement with respect to “existing subject matter”, which was protected on the date of application. Canada submitted that this ruling failed to consider the contextual relationship between the two provisions.

Also Canada submitted that the Panel’s ruling failed to apply the interpretative maxim *lex specialis derogat legi generali* which stipulates that a general rule, such as in Article 70.1 must yield to those to the specific provisions in Articles 70.6 and 7, which concerned the compulsory licensing of patents and enhanced protection, respectively.

In addressing Canada’s arguments in relation to retrospectivity, the Appellate Body, applied Art.31 of the Vienna Convention on the Law of Treaties, to address first, the text of the treaty provision.<sup>20</sup> Thus, on this textual analysis, the term “act” which occurred before the date of application, concerned matters which were completed by the date of application of the TRIPS Agreement. However, the Appellate Body also noted as a matter of policy, that if this phrase was interpreted to cover all continuing situation involving patents which were granted before the date of application of the TRIPS Agreement, then Art.70.1 would preclude the application of virtually the whole of the TRIPS Agreement to such acts.<sup>21</sup>



Article 28 of the Vienna Convention provides that

Unless a different intention appears from the treaty or is otherwise established, its provisions to not bind a party in relation to any act or fact which took place or any situation which ceased to exist before the date of entry into force of the treaty with respect to that party.

The Appellate Body took the view that, absent a contrary intention, Art.28 applied to any “situation” which has not ceased to exist under a new treaty.<sup>22</sup> It called in aid, for this interpretation, the Commentary on Art.28, as forming part of the preparatory work of the Vienna Convention.<sup>23</sup>

**(c) EC-US Section 110(5) of the US Copyright Act**

This dispute concerned s.110(5) of the US Copyright Act of 1976, as amended by the Fairness in Music Licensing Act of 1998, which placed limitations on the exclusive rights provided to owners of copyright in relation to certain public performances and displays. Section 110(5) (A) exempted from the concept of copyright infringement, the communication of a transmission embodying a performance or display of a work by the public reception of the transmission on a single receiving apparatus of a kind commonly used in public homes, unless a direct charge was made to hear or see the transmission, or the transmission was further transmitted to the public. Section 110 (5)(B) excepted the communication by an establishment of a transmission or retransmission embodying a performance or display of a non-dramatic musical work intended to be received by the general public, originated by a licensed radio or television broadcast station in an establishment not larger than a prescribed size and where no direct charge was made to see or hear the transmission or retransmission.

The objective of the exception in (B), as disclosed in a House of Representatives report, was to exempt small commercial establishments “not of a sufficient size to justify, as a practical matter, a subscription to a commercial background music service”.<sup>24</sup>

The EC alleged that these exemptions were inconsistent with the US obligations under TRIPS, particularly under Article 9.1 together with Articles 11(1)(ii) and 11*bis*(1)(iii) of the Berne Convention, causing prejudice to the legitimate rights of copyright owners. Article 9.1 of the TRIPS Agreement obliged WTO Members to comply with Articles 1-21 of the Berne Convention, excluding Art 6*bis*. Consequently, the Dispute Panel accepted that Articles 11(1)(ii) and 11*bis*(1)(iii) of the Berne Convention had been imported into the TRIPS Agreement. These Berne Convention provisions required the authorization by a copyright owner of the public performance of protected works.

The USA argued that the TRIPS Agreement, incorporating the substantive provisions of the Berne Convention, allowed Members to place minor limitations on the exclusive rights of copyright owners and that Art.13 of the TRIPS Agreement provided the standard by which to judge the appropriateness of such limitations or exceptions. Article 13 provided that: “Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder”. The US claimed



that the “minor exceptions doctrine” constituted a subsequent practice of the Berne Union Members within the meaning of Art.31(3)(b) of the Vienna Convention.

The Dispute Panel explained that in applying the general and supplementary rules of interpretation contained within the Vienna Convention to interpret in good faith the provisions within their terms of reference, they were required to afford the ordinary meaning of the terms of a treaty “in their context and in the light of its objective and purpose”.<sup>25</sup>

Article 31(2) of the Vienna Convention provides that,

The context for the purpose of the interpretation of a treaty shall comprise, in addition to the text, including its preamble and annexes:

(a) any agreement relating to the treaty which was made between all the parties in connexion with the conclusion of the treaty....

The Berne Revision Conference in Brussels in 1948 had rejected the insertion of the minor exceptions doctrine into the Berne Convention, as encouraging the widening of exceptions. As a compromise, at the Brussels Conference, it was agreed that a statement concerning the possibility to provide minor exceptions in national law would be included in the General Report. The Panel noted that the Rapporteur-General had been “entrusted with making an express mention of the possibility available to national legislation to make what is commonly called minor reservations” and considered that this choice of words reflected an agreement within the meaning of Art.31(2)(a) of the Vienna Convention.<sup>26</sup> Additionally, state practice, reflected in the national copyright laws of Berne Union members, as well as of WTO Members before and after the date of the TRIPS Agreement confirmed the Panel in its view about the minor exceptions doctrine.<sup>27</sup>

Having established the existence of the minor exceptions doctrine, the Panel considered that it had been incorporated into the TRIPS Agreement as part of the Berne *acquis*, by virtue of Article 9.1, importing Articles 1-21 of the Berne Convention. This was also confirmed by references to the doctrine in negotiating documents produced during the Uruguay Round.<sup>28</sup> Thus the doctrine was held to form part of the context of Articles 11(1)(ii) and 11*bis*(1)(iii) of the Berne Convention as incorporated into the TRIPS Agreement. However, Art.13 of the TRIPS Agreement required that limitations and exceptions to exclusive rights (1) be confined to certain special cases, (2) do not conflict with the normal exploitation of the work, and (3) do not unreasonably prejudice the legitimate interests of the right holder. The Panel ruled that in applying these three conditions to an exception in national law, both actual and potential effects of that exception had to be taken into account. Applying this approach, the Panel ruled that s.110(5)(A) was unobjectionable, but that in relation to s.110(5)(B), the US had not demonstrated that its business exemption did not unreasonably prejudice the legitimate interests of the rights holder.<sup>29</sup> Consequently, it recommended that the Dispute Settlement Body requested the US to bring sub-paragraph B into conformity with its obligations under the TRIPS Agreement.

**(d) EC-US Section 211 Omnibus Appropriations Act of 1998 (2002)**



This dispute concerned a complaint by the EC that s.211 of the US Omnibus Appropriations Act of 1998 was inconsistent with a number of the provisions of the TRIPS Agreement, as read with the relevant provisions of the Paris Convention for the Protection of Industrial Property. Section 211(a)(1) of the US Act sought to prohibit dealings “with respect to a mark, trade name, or commercial name” which was the same or substantially similar to a mark, trade name or commercial name that was used in connection with a business or assets that had been confiscated by the Cuban Government, unless the consent had been obtained of the original owner, or successor in title to the mark, trade name or commercial name”. Section 211(a)(2) provided that no US court could “recognize, enforce or otherwise validate any assertion of rights” by a “designated national” based on common law rights or under s.515305 of Title 31, Code of Federal Regulations, pursuant to which the Cuban Assets Control Regulations had been promulgated.

The EC had argued that s.211(a) (1) was inconsistent with Article 2.1 of the TRIPS Agreement in conjunction with Article 6*quinquies* of the Paris Convention and with Article 15.1 of the TRIPS Agreement. This argument had been rejected by a WTO Dispute Panel. However the Dispute Panel had sustained the EC argument that s.211(a)(2) was inconsistent with Articles 16.1 and 42 of the TRIPS Agreement, but not with Article 2.1 of the TRIPS Agreement in conjunction with Articles 6*bis* and 8 of the Paris Convention and was not inconsistent with Article 4 of the TRIPS Agreement. The Panel had also ruled that trade names were not a category of intellectual property covered by the TRIPS Agreement. Appeals were filed by both parties.

The US had argued that the interpretation of s.211 by the Dispute Panel was a question of fact and therefore not justiciable by the Appellate Body, which was confined to matters of law. This argument was rejected by the Appellate Body, which followed its ruling in the *US-India Patent Protection for Pharmaceuticals* ruling that “municipal law may also constitute evidence of compliance or non-compliance with international obligations”<sup>30</sup> and, therefore, it was entitled to examine the Dispute Panel’s interpretation of the meaning of s.211 under US law.<sup>31</sup>

The issue in this dispute which raised questions about the interpretation of international conventions, was whether trade names were covered by the TRIPS Agreement. Article 8 of the Paris Convention provides that a trade name “shall be protected in all countries of the Union without the obligation of filing or registration, whether or not it forms part of the trademark”. The Dispute Panel had ruled that trade names were outside the categories of intellectual property to which the TRIPS Agreement applied. The Panel had relied for its conclusion on Art. 1.2 of the TRIPS Agreement, which stated that “For the purposes of this Agreement the term ‘intellectual property’ refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II”. Applying the interpretative principles found in Article 31 of the Vienna Convention, the Panel stated that “the textual reading of Article 1.2 is that it establishes an exclusive definition and this is confirmed by the words ‘all categories’ the word ‘all’ indicates that this is an exhaustive list”.<sup>32</sup> The absence of trade names from sections 1-7 of Part II of the TRIPS Agreement, the Panel found to be determinative of the issue.

The Appellate Body disagreed with the Panel on this matter. It noted that Article 8 of the Paris Convention, which dealt only with trade names, had been imported into the TRIPS



Agreement by Article 2.1. The Appellate Body referred to its previous statement in *US-Gasoline* that

One of the corollaries of the “general rule of interpretation” in the Vienna Convention is that interpretation must give meaning and effect to all the terms of a treaty. An interpreter is not free to adopt a reading that would result in reducing whole clauses or paragraphs of a treaty to redundancy or inutility.<sup>33</sup>

The Appellate Body observed that the effect of the Panel’s interpretation, would have meant that there was no purpose in including Article 8 of the Paris Convention within the TRIPS Agreement. It also rejected the Panel’s interpretation of the negotiating history of the TRIPS Agreement. In particular, it rejected the documents upon which the Panel had relied as having nothing to do with trade names.<sup>34</sup>

The Appellate Body concluded, *inter alia*, that section 211 of the US statute was inconsistent with Article 2.1 of the TRIPS Agreement, in conjunction with Article 8 of the Paris Convention.

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1 The rule that international agreements shall be performed in good faith.  
2 T. Cottier, ‘Dispute Settlement in the World Trade Organization: Characteristics and  
3 Structural Implications for the European Union’ (1998) 35 *Common Market Law Rev.* 325.  
4 UNDP, *Human Rights and Human Development*, New York, UNDP, 2000, 83-88.  
5 See UN Commission on Human Rights, Sub-Commission on Prevention of Discrimination and  
6 Protection of Minorities, ‘Draft UN Declaration on the Rights of Indigenous Peoples’ (1995) 34  
7 *ILM* 541.  
8 WTO, Report of the Panel, WT/DS50/R, 5 September 1997, para 7.18.  
9 *Ibid.*  
10 *Ibid.*, para 7.24.  
11 *Ibid.*, para 7.27.  
12 *Ibid.*, para 7.29.  
13 Eg WTO Panel Report on “United States- Taxes on Petroleum and Certain Imported Substances”  
14 adopted on 17 June 1987, BISD/34S/1, para5.2.2.  
15 WTO, Report of the Panel, WT/DS50/R, 5 September 1997, para 7.30.  
16 *Ibid.*, para 742.  
17 WTO, ‘India-Patent Protection for Pharmaceutical and Agricultural Chemical Products’, *Report of*  
18 *the Appellate Body*, 1997, paras 34-42.  
19 *Ibid.*, para 45.  
20 *Ibid.*, para 46.  
21 *Ibid.*  
22 *Ibid.*, para 55.  
23 *Ibid.*, para 57.  
24 Panel Report, WT/DS170/R, 5 May 2000, para 7.1.  
25 Appellate Body Report, WT/DS170/170/AB/R, 17 September 2000, para 53.  
26 *Ibid.*, paras 59-60.  
27 *Ibid.*, para. 72.  
*Ibid.*, para. 73.  
Conference Report of the House Committee on the Judiciary, Subcommittee on Courts and  
Intellectual Property, H.R. Rep. No. 94-1733, 94<sup>th</sup> Cong 2<sup>nd</sup> Sess. 75 (1976) cited, *Ibid.*, para.  
2.5.  
Panel Report, WT/DS160/R, 15 June 2000, para. 6.43.  
*Ibid.*, para 6.53  
*Ibid.*, para. 6.55.



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- 28 Ibid., paras 6.60-6.66.  
29 Ibid., para.6.265.  
30 Appellate Body Report, WT/DS50/AB/R adopted 16 January 1998, para.65.  
31 Appellate Body Report, WT/DS176/AB/R adopted 2 January 2002, para.105.  
32 Panel Report, WT/DS/176/R, 6 August 2001, para 8.26.  
33 Appellate Body Report, *United States-Standards for Reformulated and Conventional Gasoline*, WT/DS2/AB/R, adopted 1 November 1996, 106.  
34 Appellate Body Report, n.21 supra, para. 339.

## 2. Paris Convention For The Protection Of Industrial Property 1883

### *History*

During the last century, before the existence of any international convention in the field of industrial property, it was difficult to obtain protection for industrial property rights in the various countries of the world because of the diversity of their laws. Moreover, patent applications had to be made roughly at the same time in all countries in order to avoid a publication in one country destroying the novelty of the invention in the other countries. These practical problems created a strong desire to overcome such difficulties.

During the second half of the last century the development of a more internationally oriented flow of technology and the increase of international trade made harmonization of industrial property laws urgent in both the patent and the trademark field.

When the Government of the Empire of Austria-Hungary invited the other countries to participate in an international exhibition of inventions held in 1873 at Vienna, participation was hampered by the fact that many foreign visitors were not willing to exhibit their inventions at that exhibition in view of the inadequate legal protection offered to exhibited inventions.

This led to two developments: firstly, a special Austrian law secured temporary protection to all foreigners participating in the exhibition for their inventions, trademarks and industrial designs. Secondly, the Congress of Vienna for Patent Reform was convened during the same year, 1873. It elaborated a number of principles on which an effective and useful patent system should be based, and urged governments “to bring about an international understanding upon patent protection as soon as possible.”

As a follow-up to the Vienna Congress, an International Congress on Industrial Property was convened at Paris in 1878. Its main result was a decision that one of the governments should be asked to convene an international diplomatic conference “with the task of determining the basis of uniform legislation” in the field of industrial property.

Following that Congress, a final draft proposing an international “union” for the protection of industrial property was prepared in France and was sent by the French Government to a number of other countries, together with an invitation to attend the International Conference in Paris of 1880. That Conference adopted a draft convention which contained in essence those substantive provisions which are still today the main features of the Paris Convention.

A new Diplomatic Conference was convened in Paris in 1883, which ended with final approval and signature of the Paris Convention for the Protection of Industrial Property. The Paris Convention was signed by 11 States: Belgium, Brazil, El Salvador, France, Guatemala, Italy, the Netherlands, Portugal, Serbia, Spain and Switzerland. When it came into effect on July 7, 1884, Great Britain, Tunisia and Ecuador had adhered as well,



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bringing the initial number of member countries to 14. It was only during the first quarter of this century and then particularly after World War II that the Paris Convention increased its membership more significantly.

The Paris Convention has been revised from time to time after its signature in 1883.

Each of the revision conferences, starting with the Brussels Conference in 1900, ended with the adoption of a revised Act of the Paris Convention. With the exception of the Acts concluded at the revision conferences of Brussels (1897 and 1900) and Washington, D.C. (1911), which are no longer in force, all those earlier Acts are still of significance, although the great majority of the countries are now party to the latest Act, that of Stockholm of 1967.

### **Principal Provisions**

The provisions of the Paris Convention may be sub-divided into four main categories:

- a first category contains rules of substantive law which guarantee a basic right known as the right to national treatment in each of the member countries;
- a second category establishes another basic right known as the right of priority;
- a third category defines a certain number of common rules in the field of substantive law which contain either rules establishing rights and obligations of natural persons and legal entities, or rules requiring or permitting the member countries to enact legislation following those rules;
- a fourth category deals with the administrative framework which has been set up to implement the Convention, and includes the final clauses of the Convention.

### **National Treatment**

National treatment means that, as regards the protection of industrial property, each country party to the Paris Convention must grant the same protection to nationals of the other member countries as it grants to its own nationals. The relevant provisions are contained in Articles 2 and 3 of the Convention.

The same national treatment must be granted to nationals of countries which are not party to the Paris Convention if they are domiciled in a member country or if they have a “real and effective” industrial or commercial establishment in such a country. However, no requirement as to domicile or establishment in the country where protection is claimed may be imposed upon nationals of member countries as a condition for benefiting from an industrial property right.

This national treatment rule guarantees not only that foreigners will be protected, but also that they will not be discriminated against in any way. Without this, it would frequently be very difficult and sometimes even impossible to obtain adequate protection in foreign countries for inventions, trademarks and other subjects of industrial property.

The national treatment rule applies first of all to the “nationals” of the member countries. The term “national” includes both natural persons and legal entities. With respect to legal entities, the status of being a national of a particular country may be difficult to determine. Generally, no nationality as such is granted to legal entities by the various national laws. There is of course no doubt that State-owned enterprises of a member country or other entities created under the public law of such country are to be considered as nationals of the member country concerned. Legal entities created under



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the private law of a member country will usually be considered a national of that country. If they have their actual headquarters in another member country, they may also be considered a national of the headquarters country. According to Article 2(1), the national treatment rule applies to all advantages that the various national laws grant to nationals.

### **The Right of Priority**

The right of priority means that, on the basis of a regular application for an industrial property right filed by a given applicant in one of the member countries, the same applicant (or its or his successor in title) may, within a specified period of time (six or 12 months), apply for protection in all the other member countries. These later applications will then be regarded as if they had been filed on the same day as the earliest application. Hence, these later applications enjoy a priority status with respect to all applications relating to the same invention filed after the date of the first application. They also enjoy a priority status with respect to all acts accomplished after that date which would normally be apt to destroy the rights of the applicant or the patentability of his invention. The provisions concerning the right of priority are contained in Article 4 of the Convention.

The right of priority offers great practical advantages to the applicant desiring protection in several countries. The applicant is not required to present all applications at home and in foreign countries at the same time, since he has six or 12 months at his disposal to decide in which countries to request protection. The applicant can use that period to organize the steps to be taken to secure protection in the various countries of interest in the particular case.

The beneficiary of the right of priority is any person entitled to benefit from the national treatment rule who has duly filed an application for a patent for invention or another industrial property right in one of the member countries.

The right of priority can be based only on the *first* application for the same industrial property right which must have been filed in a member country. It is therefore not possible to follow a first application by a second, possibly improved application and then to use that second application as a basis of priority. The reason for this rule is obvious: one cannot permit an endless chain of successive claims of priority for the same subject, as this could, in fact, considerably prolong the term of protection for that subject.

Article 4A(1) of the Paris Convention recognizes expressly that the right of priority may also be invoked by the successor in title of the first applicant. The right of priority may be transferred to a successor in title without transferring at the same time the first application itself. This allows in particular also the transfer of the right of priority to different persons for different countries, a practice which is quite common.

The later application must concern the same subject as the first application the priority of which is claimed. In other words, the same invention, utility model, trademark or industrial design must be the subject of both applications. It is, however, possible to use a first application for a patent for invention as priority basis for a registration of a utility model and vice versa. The same change of form of protection in both directions may also be possible, in accordance with national laws, between utility models and industrial designs.

The first application must be “duly filed” in order to give rise to the right of priority. Any filing, which is equivalent to a regular national filing, is a valid basis for the right of



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priority. A regular national filing means any filing that is adequate to establish the date on which the application was filed in the country concerned. The notion of “national” filing is qualified by including also applications filed under bilateral or multilateral treaties concluded between member countries.

Withdrawal, abandonment or rejection of the first application does not destroy its capacity to serve as a priority basis. The right of priority subsists even where the first application generating that right is no longer existent.

The effect of the right of priority is regulated in Article 4B. One can summarize this effect by saying that, as a consequence of the priority claim, the later application must be treated as if it had been filed already at the time of the filing, in another member country, of the first application the priority of which is claimed. By virtue of the right of priority, all the acts accomplished during the time between the filing dates of the first and the later applications, the so-called priority period, cannot destroy the rights which are the subject of the later application.

In terms of concrete examples, this means that a patent application for the same invention filed by a third party during the priority period will not give a prior right, although it was filed before the later application. Likewise, a publication or public use of the invention, which is the subject of the later application, during the priority period would not destroy the novelty or inventive character of that invention. It is insignificant for that purpose whether that publication is made by the applicant or the inventor himself or by a third party.

The length of the priority period is different according to the various kinds of industrial property rights. For patents for invention and utility models the priority period is 12 months, for industrial designs and trademarks it is six months. In determining the length of the priority period, the Paris Convention had to take into account the conflicting interests of the applicant and of third parties. The priority periods now prescribed by the Paris Convention seem to strike an adequate balance between them.

The right of priority as recognized by the Convention permits the claiming of “multiple priorities” and of “partial priorities.” Therefore, the later application may not only claim the priority of one earlier application, but it may also combine the priority of several earlier applications, each of which pertaining to different features of the subject matter of the later application. Furthermore, in the later application, elements for which priority is claimed may be combined with elements for which no priority is claimed. In all these cases, the later application must of course comply with the requirement of unity of invention.

These possibilities correspond to a practical need. Frequently after a first filing further improvements and additions to the invention are the subject of further applications in the country of origin. In such cases, it is very practical to be able to combine these various earlier applications into one later application, when filing before the end of the priority year in another member country. This combination is even possible if the multiple priorities come from different member countries.

## **Provisions Concerning Patents**

### *Independence of Patents*

Patents for invention granted in member countries to nationals or residents of member countries must be treated as independent of patents for invention obtained for the same



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invention in other countries, including non-member countries. The rule concerning the “independence” of patents for invention is contained in Article 4bis.

The underlying reason and main argument in favor of this principle is that national laws and administrative practices are usually quite different from country to country. A decision not to grant or to invalidate a patent for invention in a particular country on the basis of its law will frequently not have any bearing on the different legal situation in the other countries. It would not be justified to make the owner lose the patent for invention in other countries, on the ground that he or she lost a patent in a given country as a consequence of not having paid an annual fee in that country, or as a consequence of the patent’s invalidation in that country, on a ground which does not exist in the laws of the other countries.

A special feature of the principle of independence of patents for invention is contained in Article 4bis(5). This provision requires that a patent granted on an application which claimed the priority of one or more foreign applications, must be given the same duration which it would have according to the national law if no priority had been claimed. In other words, it is not permitted to deduct the priority period from the term of a patent invoking the priority of a first application. For instance, a provision in a national law starting the term of the patent for invention from the (foreign) priority date, and not from the filing date of the application in the country, would be in violation of this rule.

#### *Importation, Failure to Work and Compulsory Licenses*

The questions of importation of articles covered by patents, of failure to work the patented invention and of compulsory licenses, are dealt with in Article 5A of the Convention. With respect to importation, the provision states that importation by the patentee, into the country where the patent has been granted, of articles covered by the patent and manufactured in any of the countries of the Union will not entail forfeiture of the patent.

With respect to the working of patents and compulsory licenses, the essence of the provisions contained in Article 5A is that each country may take legislative measures providing for the grant of compulsory licenses. These compulsory licenses are intended to prevent the abuses which might result from the exclusive rights conferred by a patent for invention, for example failure to work or insufficient working.

Compulsory licenses on the ground of failure to work or insufficient working are the most common kind of coercive measure against the patent owner to prevent abuses of the rights conferred by the patent for invention. They are expressly dealt with by Article 5A.

The main argument for enforcing working of the invention in a particular country is the consideration that, in order to promote the industrialization of the country, patents for invention should not be used merely to block the working of the invention in the country or to monopolize importation of the patented article by the patent owner. They should rather be used to introduce the use of the new technology into the country. Whether the patent owner can really be expected to do so, is first of all an economic consideration and then also a question of time. Working in all countries is generally not economical. Moreover, it is generally recognized that immediate working in all countries is impossible. Article 5A therefore tries to strike a balance between these conflicting interests.



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Compulsory licenses for failure to work or insufficient working of the invention may not be requested before a certain period of time has elapsed. This time limit expires either four years from the date of filing of the patent application or three years from the date of the grant of the patent for invention. The applicable time is the one which, in the individual case, expires last.

The time limit of three or four years is a minimum time limit. The patent owner must be given a longer time limit, if he can give legitimate reasons for his inaction—for example, that legal, economic or technical obstacles prevent working, or working more intensively, the invention in the country. If that is proven, the request for a compulsory license must be rejected, at least for a certain period. The time limit of three or four years is a minimum also in the sense that national law can provide for a longer time limit.

The compulsory license for non-working or insufficient working must be a non-exclusive license and can only be transferred together with the part of the enterprise benefiting from the compulsory license. The patent owner must retain the right to grant other non-exclusive licenses and to work the invention himself. Moreover, as the compulsory license has been granted to a particular enterprise on the basis of its known capacities, it is bound to that enterprise and cannot be transferred separately from that enterprise. These limitations are intended to prevent a compulsory licensee from obtaining a stronger position on the market than is warranted by the purpose of the compulsory license, namely, to ensure sufficient working of the invention in the country.

All these special provisions for compulsory licenses in Article 5A(4) are only applicable to compulsory licenses for non-working or insufficient working. They are not applicable to the other types of compulsory licenses for which the national law is free to provide. Such other types may be granted to prevent other abuses, for example, excessive prices or unreasonable terms for contractual licenses or other restrictive measures which hamper industrial development.

Compulsory licenses may also be granted for reasons of the public interest, in cases where there is no abuse by the patent owner of his rights—for example, in the fields of military security or public health.

It should be noted, however, that Article 31 of the TRIPS Agreement further provides a number of conditions with respect to the use of subject matter of a patent without the authorization of the right-holder.

#### *Grace Period for the Payment of Maintenance Fees*

Article 5bis provides for a grace period for the payment of maintenance fees for industrial property rights and deals with the restoration of patents for invention in case of non-payment of fees.

### **Provisions Concerning Trademarks**

#### **Use of Trademarks**

Article 5C(1) relates to the compulsory use of registered trademarks. Some of the countries which provide for the registration of trademarks also require that the trademark, once registered, be used within a certain period. If this use is not complied with, the trademark may be expunged from the register. For this purpose, “use” is generally understood as meaning the sale of goods bearing the trademark, although national legislation may regulate more broadly the manner in which use of the trademark is to be



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complied with. The said Article states that where compulsory use is required, the trademark's registration may be canceled for failure to use the trademark only after a reasonable period has elapsed, and then only if the owner does not justify such failure.

The definition of what is meant by "reasonable period" is left to the national legislation of the countries concerned, or otherwise to the authorities competent for resolving such cases. This reasonable period is intended to give the owner of the mark enough time and opportunity to arrange for its proper use, considering that in many cases the owner has to use his mark in several countries.

The trademark owner's justification of non-use would be acceptable if it were based on legal or economic circumstances beyond the owner's control, for example if importation of the marked goods had been prohibited or delayed by governmental regulations.

#### *Grace Period for the Payment of Renewal Fees*

Article 5bis requires that a period of grace be allowed for the payment of fees due for the maintenance of industrial property rights. In the case of trademarks this provision concerns primarily the payment of renewal fees, since it is by renewal that trademark registrations (and hence the rights that depend on such registrations) may be maintained. A failure to renew the registration will normally entail the lapse of the registration, and in some cases the expiration of the right to the mark. The period of grace provided by the Convention is intended to diminish the risks of a mark being lost by an involuntary delay in the payment of the renewal fees.

#### *Independence of Trademarks*

Article 6 of the Convention establishes the important principle of the independence of trademarks in the different countries of the Union, and in particular the independence of trademarks filed or registered in the country of origin from those filed or registered in other countries of the Union.

#### *Well-Known Trademarks*

Article 6bis obliges a member country to refuse or cancel the registration and to prohibit the use of a trademark that is liable to create confusion with another trademark already well-known in that member country. The effect of this Article is to extend protection to a trademark that is well-known in a member country even though it is not registered or used in that country. The protection of the well-known trademark results not from its registration, which prevents the registration or use of a conflicting trademark, but from the mere fact of its reputation.

The trademark that is protected by Article 6bis must be a "well-known" trademark, as determined in a member country by its competent administrative or judicial authorities. A trademark may not have been used in a country, in the sense that goods bearing that trademark have not been sold there; yet that trademark may be well-known in the country because of publicity there or the repercussions in that country of advertising in other countries.

The protection of a well-known trademark under Article 6bis exists only where the conflicting trademark has been filed, registered or used for identical or similar goods, as determined by the administrative or judicial authorities of the country in which protection is claimed.



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### *Assignment of Trademarks*

Article 6 states that it shall suffice for the recognition of the validity of the assignment of a trademark in a member country, that the portion of the business or goodwill located in that country be transferred to the assignee, together with the exclusive right to manufacture in the said country, or to sell therein, the goods bearing the trademark assigned. Thus, a member country is free to require, for the validity of the assignment of the trademark, the simultaneous transfer of the enterprise to which the trademark belongs, but such a requirement must not extend to parts of the enterprise that are located in other countries.

### *Industrial Designs*

Article 5quinquies merely states the obligation of all member countries to protect industrial designs. Nothing is said about the way in which this protection must be provided.

### *Trade Names*

Article 8 Article states that trade names shall be protected in all the countries of the Union without the obligation of filing or of registration, whether or not they form part of a trademark. The definition of a trade name for the purposes of protection, and the manner in which such protection is to be afforded, are both matters left to the national legislation of the countries concerned. Therefore, protection may result from special legislation on trade names or from more general legislation on unfair competition or the rights of personality.

### *Appellations of Origin and Indications of Source*

Appellations of origin and indications of source are included among the various objects of protection of industrial property under the Paris Convention (Article 1(2)).

### *Unfair Competition*

The Convention provides in Article 10bis that the countries of the Union are bound to assure to persons entitled to benefit from the Convention effective protection against unfair competition. The Convention does not specify the manner in which such protection should be granted, leaving this to the laws existing in each of the member countries.

Article 10bis defines acts of unfair competition as those acts of competition which are contrary to honest practices in industrial or commercial matters. Further, the Article gives some typical examples of acts of unfair competition which should be prohibited in particular.

## **3. The Berne Convention for the Protection of Literary and Artistic Works**

### **History**

The need for a uniform system led to the formulation and adoption on September 9, 1886, of the Berne Convention for the Protection of Literary and Artistic Works. The Berne



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Convention has been revised several times in order to improve the international system of protection which the Convention provides. Changes have been effected in order to cope with the challenges of accelerating development of technologies in the field of utilization of authors' works, in order to recognize new rights as also to allow for appropriate revisions of established ones. The first major revision took place in Berlin in 1908, and this was followed by the revisions in Rome in 1928, in Brussels in 1948, in Stockholm in 1967 and in Paris in 1971.

## **Principal Provisions**

### Basic Principles

The Convention rests on three basic principles. Firstly, there is the principle of “national treatment”, according to which works originating in one of the member States are to be given the same protection in each of the member States as these grant to works of their own nationals. Secondly, there is automatic protection, according to which such national treatment is not dependent on any formality; in other words protection is granted automatically and is not subject to the formality of registration, deposit, or the like. Thirdly, there is independence of protection, according to which enjoyment and exercise of the rights granted is independent of the existence of protection in the country of origin of the work.

### Works Protected

Article 2 contains a non-limitative (illustrative and not exhaustive) list of such works, which include any original production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression. Derivative works, that is those based on other pre-existing works, such as translations, adaptations, arrangements of music and other alterations of a literary or artistic work, receive the same protection as original works (Article 2(3)). The protection of some categories of works is optional; thus every State party to the Berne Convention may decide to what extent it wishes to protect official texts of a legislative, administrative and legal nature (Article 2(4)), works of applied art (Article 2(7)), lectures, addresses and other oral works (Article 2bis(2)) and works of folklore (Article 15(4)). Furthermore, Article 2(2) provides for the possibility of making the protection of works or any specified categories thereof subject to their being fixed in some material form. For instance, protection of choreographic works may be dependent on their being fixed in some form.

### Owners of Rights

Article 2(6) lays down that protection under the Convention is to operate for the benefit of the author and his successors in title. For some categories of works, however, such as cinematographic works (Article 14bis), ownership of copyright is a matter for legislation in the country where protection is claimed.

### Persons Protected

Authors of works are protected, in respect of both their unpublished or published works if, according to Article 3, they are nationals or residents of a member country; alternatively, if, not being nationals or residents of a member country, they first publish



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their works in a member country or simultaneously in a non-member and a member country.

### Rights Protected

The exclusive rights granted to authors under the Convention include the right of translation (Article 8), the right of reproduction in any manner or form, which includes any sound or visual recording, (Article 9), the right to perform dramatic, dramatico-musical and musical works (Article 11), the right to broadcasting and communicating to the public by wire, by broadcasting or by loudspeaker or any other analogous instrument of the broadcast of the work (Article 11bis), the right of public recitation (Article 11ter), the right of making adaptations, arrangements or other alterations of a work (Article 12) and the right of making cinematographic adaptations and reproductions of a work (Article 14). The so-called “droit de suite” provided for in Article 14ter (concerning original works of art and original manuscripts) is optional and applicable only if legislation in the country to which the author belongs so permits.

Independently of the author’s economic rights, Article 6bis provides for “moral rights”—that is to say the right of the author to claim authorship of his work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the work which would be prejudicial to his honor or reputation.

### Limitations

As a sort of counterbalance to the minimum standards of protection there are also other provisions in the Berne Convention limiting the strict application of the rules regarding exclusive right. It provides for the possibility of using protected works in particular cases, without having to obtain the authorization of the owner of the copyright and without having to pay any remuneration for such use. Such exceptions, which are commonly referred to as free use of protected works, are included in Articles 9(2) (reproduction in certain special cases), 10 (quotations and use of works by way of illustration for teaching purposes), 10bis (reproduction of newspaper or similar articles and use of works for the purpose of reporting current events), and 11bis(3) (ephemeral recordings).

There are two cases where the Berne Convention provides the possibility of compulsory licenses—in Articles 11bis(2), for the right of broadcasting and communication to the public by wire, by rebroadcasting, or by loudspeaker, or any other analogous instrument of the broadcast of the work, and 13(1) for the right of recording musical works.

In so far as the exclusive right of translation is concerned, the Berne Convention offers a choice, in that a developing country may, when acceding to the Convention, make a reservation under the so-called “ten-year rule” (Article 30(2)(b)). This provides for the possibility of reducing the term of protection in respect of the exclusive right of translation; this right, according to the said rule, ceases to exist if the author has not availed himself of it within 10 years from the date of first publication of the original work, by publishing or causing to be published, in one of the member countries, a translation in the language for which protection is claimed.

### Duration of Protection

The minimum standards of protection provided for in the Berne Convention also relate to the duration of protection. Article 7 lays down a minimum term of protection, which is the life of the author plus 50 years after his death.



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There are, however, exceptions to this basic rule for certain categories of works. For cinematographic works, the term is 50 years after the work has been made available to the public, or, if not made available, then 50 years after the making of such a work. For photographic works and works of applied art, the minimum term of protection is 25 years from the making of the work (Article 7(4)).

A majority of countries in the world have legislated for life plus a 50-year term of protection since it is felt fair and right that the lifetime of the author and the lifetime of his children should be covered; this could also provide the incentive necessary to stimulate creativity, and constitute a fair balance between the interests of the authors and the needs of society.

The term of protection, insofar as moral rights are concerned, extends at least until the expiry of the economic rights.

### **Developing Countries and the Berne Convention**

The predominant concern at the last revision of the Berne Convention remained the reinforcement of the Convention, while continuing to address the preoccupations of developing countries. The latest (1971) Paris Act of the Berne Convention thus recognizes a special right in favor of developing countries. It provides that in the case of unpublished works, where the identity of the author is unknown, but where there is every ground to presume that he is a national of a country of the Union, the rights in such a work are to be acknowledged in all countries of the Union. By this provision the Berne Convention has rendered it possible for the developing countries to protect their folklore also abroad. It was made a matter for legislation in the country of origin of such works to designate the competent authority which should represent the unknown author, and protect and enforce his rights in the countries of the Union. By providing for the bringing of actions by authorities designated by the State, the Berne Convention offers to developing countries, whose folklore is a part of their heritage, a possibility of protecting it.

In the Appendix which forms an integral part of the Paris Act, special provisions were included concerning developing countries. The Appendix provides for the possibility of granting non-exclusive and non-transferable compulsory licenses in respect of (i) translation for the purpose of teaching, scholarship or research, and (ii) reproduction for use in connection with systematic instructional activities, of works protected under the Convention. These licenses may be granted, after the expiry of certain time limits and after compliance with certain procedural steps, by the competent authority of the developing country concerned. They must provide for just compensation in favor of the owner of the right. In other words the payment to be made by the compulsory licensee must be consistent with standards of royalties normally in vogue in respect of licenses freely negotiated between persons in the two countries concerned. Provision has also to be made to ensure a correct translation or an accurate reproduction of the work, as the case may be, and to indicate the name of the author on all copies of such translations or reproductions. Copies of translations and reproductions made and publication under licenses are not, however, allowed to be exported. Since the license is non-exclusive, the copyright owner is entitled to bring out and place on the market his own equivalent copies, upon which the power of the licensee to continue making copies under the license would cease.



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Article 9.1 of the TRIPs Agreement, which came into force on 1 January 1995, obliges Members of the World Trade Organization to “comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto”. However, in relation to moral rights which are referred to in Article 6*bis* of the Berne Convention, Article 9.1 of the TRIPs Agreement provides that “Members shall not have rights and obligations under this Agreement in respect of the rights conferred under Article 6*bis* of that Convention or of the rights derived therefrom”. This exclusion of moral rights was at the insistence of the USA, which has problems with that concept.

The national treatment principle accorded by the Berne Convention is adopted by Article 3 of the TRIPs Agreement and Article 2.2 of the TRIPs Agreement provides that nothing contained in Parts I to IV of that Agreement, which are concerned with basic principles, the availability, scope, use and enforcement of intellectual property rights, as well as the acquisition and maintenance of those rights “shall derogate from existing obligations that Members may have to each other” under the Berne Convention.

Finally, the copyright provisions of the TRIPs Agreement amplify and extend a number of the substantive provisions of the Berne Convention. Thus for example Article 10.1 provides that “computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971)”. Specific Articles deal with rental rights, the term of protection, limitations and exceptions and the protection of performers, producers of phonograms (sound recordings) and broadcasting organizations.

#### **4. WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement)**

### **Intellectual Property as a World Trade Issue Prior to the Uruguay Round**

From the late 1970's there was a growing realisation, particularly in the USA, that the counterfeiting of trade marked products was having a considerable impact adverse impact upon trade revenues. In 1979 the USA and the European Community had reached agreement on a draft 'Agreement on Measures to Discourage the Importation of Counterfeit Goods'. Between 1980 and 1982 informal meetings with a number of industrialised countries resulted in a revised draft Anti-counterfeiting Code.

Between 1982 and 1986 a Preparatory Committee of the GATT identified the issues which would be the concern of the forthcoming GATT Round. The U.S. proposed that the Round consider all intellectual property rights, affirming that the GATT was the appropriate forum to seek the enforcement of intellectual property rights. Subsequent negotiations led by the Swiss and Columbian Ambassadors sought a compromise between the opposing views on the jurisdiction of GATT in these matters. and produced a proposal which served as the basis for the Ministerial Declaration of 20 September 1986 which launched the Uruguay Round.

### **The Uruguay Round**



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Identifying the subjects for negotiation in the Round, the Ministerial Declaration explained that

In order to reduce the distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade, the negotiations shall aim to clarify GATT provisions and elaborate as appropriate new rules and disciplines.

Negotiations shall aim to develop a multi lateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods, taking into account work already undertaken in the GATT.

The Negotiating Plan settled by a Decision of 28 January 1987 under the heading "Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods", identified that the initial phase of the negotiating process would be taken up with gathering relevant factual material and with the tabling of the texts of interested participants. In response to this invitation, the Office of the United States Trade Representative in Geneva on 19 October 1987 submitted a substantive proposal for the interdiction of the trade in infringing products through the implementation of Customs controls and through the promulgation and implementation of legislative norms for the protection of intellectual property rights.

The subsequent negotiations of the Round were dominated and almost frustrated by a deadlock over agricultural policies. By the mid-term review, scheduled for December 1988, agreement had been reached or was close in the eleven other negotiating areas. An exception to this wide-ranging concord was intellectual property, where led by India and Brazil, the developing countries continued to question the relevance of intellectual property for the GATT, particularly because of the existence and availability of WIPO.

A key factor in the ultimate success in securing the GATT TRIPS Agreement was the preparedness of the United States to define its negotiating objectives through domestic trade legislation. The impasse at the GATT had resulted in the introduction in 1984 of an amendment to s.301 of the Trade Act of 1974, which permitted the President to seek the elimination of "unjustifiable or unreasonable" trade practices. The 1984 Trade and Tariff Act made intellectual property protection explicitly actionable under s.301. The Omnibus Trade and Competitiveness Act of 1988 introduced "Special 301", which required an annual review by the U.S. Trade Representative (USTR) of the intellectual property practices of the country's trading partners. The USTR was required to identify "priority foreign countries" which deny "adequate and effective protection of intellectual property rights" or which "deny fair and equitable market access" to U.S. traders. The USTR is then obliged to place those countries on either a watch list or a priority watch list, with a view to a fast track investigation, followed by trade retaliation in the form of increased duties or import restrictions. Special 301 was explicitly introduced as a supplement to the U.S. TRIPS negotiating strategy.



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The Mid-Term Review, held in Montreal at the end of 1988 had produced only a small convergence in the positions of the industrialised and the developing groups of countries. However, a decisive breakthrough was achieved at the April 1989 meeting of the Trade Negotiations Committee at which a Framework Agreement on the future direction of negotiations on intellectual property rights was settled. The Framework Agreement included acceptance of (a) the applicability of the basic principles of the GATT and of relevant intellectual property agreements and conventions; (b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights; (c) the provision of effective means for the enforcement of trade-related intellectual property rights; and the provision of effective and appropriate procedures for the prevention and settlement of disputes between governments, including the applicability of GATT procedures.

Throughout 1989 the TRIPS negotiating group received submissions from a number of countries and by the beginning of 1990 these had been reduced to five texts. Texts were proposed by The E.C., Japan, Switzerland and the U.S. and a text was proposed by a group of developing countries. Further revisions during 1990 culminated in the presentation of a Draft TRIPS Agreement, dated 22 November 1990 to the Ministerial Meeting in Brussels scheduled for 3 December 1990. Differences remained over some of the detail of patent and copyright law principles, as well as the more important issues of incorporating intellectual property into the GATT and the applicability of dispute resolution procedures for intellectual property. In any event, these concerns were rendered nugatory by the collapse of the Brussels meeting due to the impasse over agriculture.

The Round was restarted the following year, with concerted attempts by the GATT Director General to identify the issues for resolution. Further draft texts were received by the TRIPS negotiating group during 1991 and in November 1991 the Director General, Arthur Dunkel issued a progress report which identified some twenty intellectual property issues which required resolution. In a dramatic development the following month, the Director General of the GATT attempted to precipitate a conclusion of the Uruguay Round by tabling a Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, which included a new TRIPS text which attempted to settle outstanding difficulties by proposing compromise formulae.

Negotiations were resumed in Geneva in late 1992 following the resolution of differences between the E.C. and the U.S. on agricultural policies and both India and the U.S. proposed revisions of the Dunkel Draft. In the result the final draft of the TRIPS Agreement, which was adopted when the Uruguay round was brought to a close at the Ministerial meeting at Marrakesh, April 12-15, 1994, was very close in form and content to the Dunkel Draft.

## **Implementation and Review**

### **Introduction**

The TRIPS Agreement came into effect on 1 January 1995. The negotiating parties appreciated that the exigencies of negotiation had produced a document which would



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require subsequent amendment and improvement and that the speed of implementation would depend upon the level of economic development of a country. Thus, built in to the TRIPS Agreement itself was a reform agenda applying to a number of the specific substantive provisions; geographical indications (article 23.4); the patentability of biological inventions (article 27.3.b); and "non-violation" cases (article 64). Additionally, Art.71 requires the Council for TRIPS to review the implementation of the Agreement after the expiration of five years from the commencement of the Agreement and at two year intervals after that.

Developed country members of the WTO were obliged by Art.65(1) of the TRIPS Agreement to implement its provisions within one year of the coming into force of the Agreement, namely by 31 December 1995. Developing country members were granted a further four years grace by Article 65(2).

A number of developing countries have indicated that the transitional implementation period of five years, granted under Art. 65.2 has been insufficient to undertake the complex and costly administrative tasks required under the TRIPS Agreement, such as the modernization of their administrative infrastructure (intellectual property offices and institutions, the judicial and customs system), as well as the promulgation of new intellectual property laws. They have, therefore, sought an extension of the transition period for the developing countries.

This issue has been taken up by the TRIPS Council and in communications by countries to the WTO in anticipation of the Seattle Ministerial, which was held in November 1999. Although the Seattle meeting was abandoned, the concern of developing countries to seek the modification of TRIPS rules was renewed during the Doha Ministerial, which was held in November 2001.

Clauses 18 – 19 of the Ministerial Declaration, which was issued at Doha stated:

18. With a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the Fifth Session of the Ministerial Conference. We note that issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this Declaration.

19. We instruct the Council for TRIPS, in pursuing its work programme including under the review of Article 27.3(b), the review of the implementation of the TRIPS Agreement under Article 71.1 and the work foreseen pursuant to paragraph 12 of this Declaration, to examine, *inter alia*, the relationship between the TRIPS Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore, and other relevant new developments raised by Members pursuant to



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Article 71.1. In undertaking this work, the TRIPS Council shall be guided by the objectives and principles set out in Articles 7 and 8 of the TRIPS Agreement and shall take fully into account the development dimension.”

Both of the topics in Clauses 18 and 19 of the Doha Declaration are part of the built-in review agenda of the TRIPS agreement.

## **Practical Implications of the TRIPS Agreement**

### **National**

Countries which have become members of the WTO have been obliged to modify their intellectual property laws to bring them into line with the TRIPS Agreement and to introduce the enforcement mechanisms contained within the Agreement. A consequence of this has been the international harmonization of legislative standards for the protection and enforcement of intellectual property rights.

However, it should be noted that the TRIPS Agreement is not an exhaustive set of intellectual property norms, it simply sets minimum standards in certain key areas. It contains a number of flexibilities and some important areas of intellectual property implementation are left to be determined by national governments. These include the modalities employed to give effect to TRIPS obligations (for example, the sui generis option for the protection of plant varieties; the nature of limited exceptions to copyright, patent, design and trademark rights (for example, limited copying for educational purposes); the choice of registration or non-formality systems (such as for integrated circuit layout designs, and industrial designs); and so-called “TRIPS-plus” setting of standards beyond the TRIPS minimum.

Also the harmonising effect of the TRIPS Agreement, is, to some extent, undermined by bi-lateral intellectual property arrangements, which impose TRIPS-plus standards. For example the EU and the USA have entered into a number of free trade agreements, which modify TRIPS standards. An issue which has to be settled, is the extent to which these standards are extended to signatories of the TRIPS Agreement, through the Most-Favoured Nation Treatment principle contained in Article 4

### **Regional**

A number of regional intellectual property arrangements provide for the adoption of the TRIPS Agreement and TRIPS Standards. For example the ASEAN Framework Agreement on Intellectual Property and the APEC Agreement expressly refer to the implementation of TRIPS standards. The NAFTA Agreement contains much of the language of the subsequent TRIPS Agreement. Similarly, various of the EU intellectual property Directives, such as the 1994 Trademarks Directive, contain provisions which mirror those of the TRIPS Agreement and thus they oblige Member States to adopt TRIPS standards.

## **Enforcement Under TRIPS**



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The principal practical implications of the TRIPS Agreement reside in its enforcement provisions which make a range of enforcement remedies available to intellectual property rights holders. Articles 41- 50 require WTO members to make available the full range of civil enforcement procedures and remedies. Articles 51 – 60 oblige WTO Members to introduce border control procedures to enable the application of Customs procedures to interdict the importation of counterfeit trade mark and pirate copyright goods. International intellectual property conventions did not previously concern themselves with civil enforcement. Rights holders can now expect countries to introduce procedures to enable them to enforce their rights.

**(a) civil enforcement**

Article 42 requires that enforcement procedures are fair and equitable in that defendants are entitled to ‘written notice which is timely and contains sufficient detail, including the basis of the claims’. Representation by independent legal counsel is also required by Art.42. All parties to such procedures ‘shall be duly entitled to substantiate their claim and to present all relevant evidence’, without the procedures imposing ‘overly burdensome requirements concerning mandatory personal appearances’.

As is conventional in civil proceedings in most jurisdictions, Art.43.1 provides for procedures in the nature of discovery and the administration of interrogatories, once a party has ‘presented reasonably available evidence to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party’. Art.43.2 permits Members to accord the judicial authorities ‘the authority to make preliminary and final determinations, affirmative or negative on the basis of the information presented to them’. This will include ‘the complaint or the allegation presented by the party adversely affected by the denial of access to information’.

Article 50.1 provides that the judicial authorities shall have the authority ‘to order prompt and effective provisional measures: (b) to preserve relevant evidence in regard to the alleged infringement’. As with the *Anton Piller* order, Art.50.2 permits the judicial authorities ‘to adopt provisional measures *inaudita altera parte* where appropriate, ...where there is a demonstrable risk of evidence being destroyed.’ Also the judicial authorities may have authority pursuant to Art.50.3 ‘to require the applicant to provide any reasonably available evidence in order to satisfy them with a sufficient degree of certainty that the applicant is the right holder’ and that an infringement has occurred or is imminent. Additionally, Art 50.5 provides that to assist the authority which will enforce the provisional measure, ‘the applicant may be required to supply other information necessary for the identification of the goods concerned’

Article 44 permits the conferral upon the judicial authorities the power ‘to order a party to desist from an infringement, *inter alia*, to prevent the entry into channels of commerce in their jurisdiction of imported goods that involve the infringement of intellectual property rights’.



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Article 45.1 provides that the judicial authorities shall have the authority to order ‘the infringer to pay the rights holder damages adequate to compensate for the injury...suffered because of an infringement of that persons intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity’.

Article 46, under the justification of creating an effective deterrent to infringement, allows Members to empower the judicial authorities ‘to order that the goods which they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the rights holder’. Alternatively, where existing constitutional requirements so permit, the infringing goods may be destroyed. A supplementary power which is conferred upon the judicial authorities is the power ‘to order that materials and implements, the predominant use of which has been in the creation of the infringing goods’ be similarly disposed of outside the channels of commerce’ in such a manner as ‘to minimise the risks of further infringements’. In considering requests for orders to dispose of or destroy infringing goods and equipment used to produce such goods, the judicial authorities are required to take into account ‘the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties’. In the case of counterfeit trademark goods, Art. 46 indicates that ‘the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit the release of goods into the channels of commerce’.

A particularly useful innovation is the authority which is conferred by Art.47 ‘to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution’. Article 47 counsels the exercise of this power where it is not ‘out of all proportion to the seriousness of the infringement’.

Where ‘enforcement measures have been abused’ Art.48.1 provides that the judicial authorities shall have the authority to order a party ‘at whose request enforcement measures were taken’ to provide ‘adequate compensation for the injury suffered because of such abuse’ to a person wrongfully enjoined or restrained. Article 48.1 also provides for the applicant to be ordered to pay the defendant’s ‘appropriate attorney’s fees’.

## **(b) criminal sanctions**

Article 61 provides that Members shall provide for criminal procedures and penalties ‘to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale’. Among the criminal sanctions which are listed in the Article are: ‘imprisonment, and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for fines of a corresponding gravity’. Also in appropriate cases, Art.61 provides for ‘the seizure, forfeiture and destruction of the infringing goods and any materials and implements the predominant use of which has been in the commission of the offence’. Article 61 also provides for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, ‘in particular where they are committed wilfully and on a commercial scale’.



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**(c) border control measures**

An important innovation of the TRIPS Agreement is the obligation of WTO Members to introduce border measures for the protection of intellectual property rights. Given the concern about the trade in pirated and counterfeit goods which precipitated the interest of GATT in intellectual property protection, it was probably to be expected that the architects of the TRIPS Agreement would look to the customs authorities to assist in the interdiction of this trade. Section 4 of Part III establishes a scheme for suspension of the release into circulation of suspected counterfeit trademark or pirated copyright goods. This suspension may be on the application of a right holder or pursuant to ex officio action by the border authorities.

Article 51 which requires Members to

adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods may take place, to lodge an application with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods.

As a footnote to this provision, the term ‘counterfeit trademark goods’ is defined to mean ‘any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation’. The term ‘pirated copyright goods’ is defined to mean ‘any goods which are copies made without consent of the rights holder in the country of production and which are made directly or indirectly from any article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation’.

In addition to the suspension of release of goods involving a suspected counterfeit trademark, or which are pirated copyright goods, Article 51 also provides that an application for suspension may also be made in respect of other intellectual property rights infringements.

A particularly useful innovation effected by the border control provisions is the authority conferred by Art.57 empowering Members to provide the competent authorities, where a positive determination has been made on the merits of a case, with the authority to inform the right holder ‘of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question’. This will obviously assist a right holder in its further investigation of other persons involved in the counterfeiting or piracy of goods.

Article 58 envisages that Members may permit the competent authorities to act upon their own initiative in suspending the release of goods where they have *prima facie* evidence



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that an intellectual property right is being infringed. In these circumstances the Article permits the competent authorities to ‘seek from the right holder any information that may assist them to exercise these powers’.

## **Implementation of TRIPS Norms**

The TRIPS Agreement obliges Member Countries to enact IP legislation which comply with the minimum standards prescribed in the Agreement. As the Agreement imports a number of the standards contained in pre-existing IP conventions, such as the Paris, Berne and Rome Conventions, for the most part the implementation of TRIPS norms will not be a major difficulty for most countries. Outlined below, are those areas where new legislation may be required.

### **Trademarks**

The TRIPS trademark requirements will usually oblige Member countries to broaden the test for registrability, to acknowledge the TRIPS test of ‘capable of distinguishing’ in addition to inherently distinctive. For a number of countries, the TRIPS definition of a registrable sign was a key area of domestic reform, as it was widely acknowledged that the marketplace had evolved to the point where the former definition of a ‘mark’ did not represent the full scope of distinguishing signs used in commerce. The TRIPS Agreement introduced a useful distinction, between a trademark as such, and the sign or combination of signs which can constitute a trademark. Also the TRIPS Agreement contained the useful criterion of visual perceptibility for registrable signs, which could include aspects of packaging, shape, colour, sound or scent.

TRIPS takes up the specific standards for the protection of well-known marks laid down in the Paris Convention, and clarifies and extends them, in particular,

- by extending the protection of well known marks to services,
- by providing that protection of well-known marks applies to use in relation to goods or services which are not similar to the registered goods or services, provided use of the mark would indicate a connection with the trademark owner and the owner’s interests are likely to be damaged.
- by requiring that in determining whether a trademark is well-known, account be taken of the knowledge of the trademark in the relevant sector of the public, including knowledge obtained as a result of the promotion of the trademark.

### **Patents**

For most developed countries, the TRIPS patent obligations primarily required:

- the extension of the standard patent term to 20 years
- reversal of the burden of proof in infringement of a process patent, with the condition that the court is to take into account the defendant’s legitimate interests in having business and manufacturing secrets protected
- application of the Article 31 provisions on compulsory licenses, notably the need for a court to determine that an applicant for a compulsory license has tried for a



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reasonable period to obtain the patent holder's authorisation to work the invention on reasonable terms and conditions.

For a number of developing countries, the extension of patent protection to processes as well as to products, required significant legislative changes.

### **Patents, Plant Variety Rights and Biotechnological Inventions**

Article 27.3(b) of the TRIPS Agreement requires that "Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof". It also provides that "the provisions of this paragraph shall be reviewed four years after the date of entry into force of the WTO Agreement". Pursuant to this review, which commenced in 1999, there has been a vigorous debate on the sorts of *sui generis* systems which might comply with Art.27.3(b).

Since the TRIPS provision makes no reference to the International Convention for the Protection of Plant Varieties (UPOV) there is considered to be some leeway in the formulation of *sui generis* systems. Furthermore, key elements for the shaping of *sui generis* systems are either unclear or not defined. First, there could be several ways to define the term plant variety. For granting protection under the traditional plant breeders right (PBR) system, plant varieties must meet the criteria of being distinct, uniform and stable (DUS). It has been suggested that "Uniformity" and "stability" could be replaced by the criterion of identifiability, allowing the inclusion of plant populations which are more heterogenous, thus taking into account the interests of local communities. The scope of protection could be limited to cover only the reproductive parts of plants, or could be extended to include also harvested plant materials.

Secondly, the TRIPS Agreement does not prohibit the development of additional protection systems, nor does it prohibit the protection of additional subject matter to safeguard local knowledge systems and informal innovations as well as to prevent their illegal appropriation.

The original formulation and promulgation of the TRIPS Agreement had occurred largely without the significant participation of developing countries. Their principal negotiating position during the Uruguay Round had been to question the relevance of intellectual property for the GATT, particularly as WIPO had already been established as the United Nations' specialised agency for intellectual property matters. The failure of developing countries to address the substance of TRIPS during the Uruguay Round was sought to be remedied by their active participation in the review procedure. The various regional groupings of developing countries held meetings to agree a common negotiating position for the TRIPS and also the CBD reviews..

A *Communication* to the WTO from Kenya, on behalf of the African Group, to assist the Preparations for the 1999 Ministerial Conference, pointed out that as the deadline for implementation of the obligations by developing countries of the TRIPS Agreement was January 2000, the review would precede the implementation of obligations undertaken by



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developing countries. As developing countries would have had insufficient experience with the operation of the Agreement they would have had no prior opportunity to conduct impact assessment studies of implications resulting therefrom.

Furthermore, the Communication pointed out that the review would pre-empt the outcome of deliberations in other related fora such as CBD, UPOV, FAO, International Undertaking on Plant Genetic Resources, and the development of an OAU model law on Community Rights and Control of Access to Biological Resources. They proposed that an additional five years be allowed, prior to the review of Art.27.3(b).

The African group proposed that “after the sentence on plant variety protection in Article 27.3(b), a footnote should be inserted stating that any sui generis law for plant variety protection can provide for:

- (i) the protection of the innovations of indigenous and local farming communities in developing countries, consistent with the Convention on Biological Diversity and the International Undertaking on Plant Genetic Resources;
- (ii) the continuation of the traditional farming practices including the right to save, exchange and save seeds, and sell their harvest;
- (iii) preventing anti-competitive rights or practices which will threaten food sovereignty of people in developing countries, as is permitted by Article 31 of the TRIPS Agreement.”

On 4 October 1999 Bolivia, Columbia, Ecuador, Nicaragua and Peru specifically proposed that the Seattle Ministerial Conference establish within the framework of the Round a mandate

- (a) To carry out studies, in collaboration with other relevant international organizations in order to make recommendations on the most appropriate means of recognizing and protecting traditional knowledge as the subject matter of intellectual property rights.
- (b) On the basis of the above-mentioned recommendations, initiate negotiations with a view to establishing a multilateral legal framework that will grant effective protection to the expressions and manifestations of traditional knowledge.
- (c) To complete the legal framework envisaged in paragraph (b) above in time for it to be included as part of the results of this round of trade negotiations.

A communication of 6 August 1999 from Venezuela proposed that the Seattle Ministerial should consider the establishment "on a mandatory basis within the TRIPS Agreement a system for the protection of intellectual property, with an ethical and economic content, applicable to the traditional knowledge of local and indigenous communities, together with recognition of the need to define the rights of collective holders."



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The TRIPS Council, as will be explained in other papers, is currently considering a number of proposals for the definition of sui generis options under Art. 27.3(b). inclusion of traditional knowledge within the international intellectual property regime, shifted to WIPO.

### **Copyright and related rights**

The TRIPS copyright obligations, did not set particularly difficult implementation obligations for Member States, as it largely required the implementation of copyright obligations, which States had already accepted under the Berne Convention. The principal new obligations for States were:

- The protection of computer programmes as literary works;
- The grant of rights to performers to have the ‘possibility of preventing’ the sound recording of their performances without their permission and the making of copies of sound recordings, or sound broadcasts of their live performances recorded without their permission.

### **Layout Designs (Topographies) of Integrated Circuits**

For most developing countries, the obligations in 35 to 37 to provide protection for the layout-designs, topographies of integrated circuits, necessitated new legislation. There has not yet been much concern expressed by circuit producing nations about how this legislation is being implemented.

### **Protection of Undisclosed Information**

In most common law countries, legislation and general law principles were sufficient to give effect to the obligations in Article 39 of TRIPS to protect undisclosed data. Some legislation was required, however, to deal with the protection of test data in relation to pharmaceutical and agricultural and veterinary chemicals.

### **Control of Anti-competitive Practices in Contractual Licences (Article 40)**

Article 40.2 of TRIPS permits Member countries to prevent or control licensing practices attached to intellectual property rights having an adverse effect on competition in the relevant market. This provides an opportunity for countries to introduce measures for the elimination of anti-competitive practices, either as a competition law measure, or within the context of technology transfer legislation.

## **5. Bilateralism in Intellectual Property**

### **Introduction**

It was always clear at all stages of the TRIPS negotiations that the principal players (US, EC and Japan) saw TRIPS as setting only minimum obligations. TRIPS confers on its Members a discretion to implement “more extensive protection” than is conferred by TRIPS standards (see Article 1.1). TRIPS also allows members to qualify the operation



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of some standards, to choose amongst standards or to choose when to adopt standards ('option-creating standards'). So, for example, Article 27.3 allows Members to qualify the standard of patentability in Article 27.1 by excluding some subject-matter from patentability and Article 27.3(b) gives Members a choice as to how to protect plant varieties. The transitional provisions in Articles 65 and 66 create entitlements for developing countries, former centrally planned economies and least-developed country members as to the timing of the adoption of TRIPS standards.

A bilateral agreement that

- (a) requires a Member to implement a more extensive standard; or
- (b) which eliminates an option for a Member under a TRIPS standard,

is a TRIPS plus standard. Bilateral treaties also set standards on issues that TRIPS does not deal with (eg. whether reproduction in copyright law includes temporary copies) and which are therefore not strictly TRIPS plus.

In order to lower the transaction costs of bilateralism the US has developed models or prototypes of the kind of bilateral treaties it wishes to have with other countries.

### **The US Jordan FTA**

The Jordan FTA is another example of a model agreement. It is a wide-ranging agreement containing provisions on trade in goods, in services, intellectual property rights, environment and labour, electronic commerce and government procurement. In contrast to the somewhat soft provisions on environment and labour (eg. each Party "shall strive to ensure" that its labour standards are consistent with international norms (Article 6.3)) the provisions on intellectual property are long and detailed. The TRIPS plus features of the Jordan FTA include the following:

- the requirement that each Party give effect to UPOV and that in the case of Jordan it ratify UPOV within 12 months;
- the grant to authors, performers and phonogram producers of an exclusive importation right;
- the regulation of the government use of computer software;
- narrowing the grounds of exclusion from patentability (basically, the grounds of exclusion in Article 27.3(b) of TRIPS are omitted);
- a redrafted compulsory licensing provision which confines the use of compulsory licences to specified cases rather than as in the case of TRIPS, placing conditions on the use of compulsory licences. (The specified cases are for remedying an anti-competitive practice, use in public non-commercial

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contexts, national emergencies and other cases of extreme urgency, and the failure to meet working requirements.); and

- an obligation to provide for an extension of patent term to compensate patent owners for regulatory delays in being able to exploit the patent.

There are other important aspects to this agreement that make it TRIPS plus or that take the evolution of intellectual property rights beyond TRIPS. As a general point it is abundantly clear that the US has constructed a model agreement that meets the problems it perceives with TRIPS or that resolves some of the ambiguities of TRIPS. So, for example, Article 39.3 of TRIPS, which obliges a Member to protect data submitted as part of the process of getting regulatory approval for the marketing of pharmaceutical or agricultural products involving “new chemical entities”, leaves open the question of what is meant by a new chemical entity, whereas the Jordan FTA stipulates that new chemical entity includes “protection for new uses for old chemical entities for a period of three years”.

### **The effect of MFN in Bilateralism**

The MFN principle has been the key principle governing trade relations amongst states, especially in the context of the GATT. TRIPS contains a version of the principle in Article 4. Under its terms a Member of TRIPS which grants any ‘advantage, favour, privilege or immunity’ to the nationals of any other country (ie not necessarily a member of TRIPS) must accord the same to the nationals of other members of TRIPS. The operation of the principle is qualified (for example, it does not apply to international agreements (like a BIP) which entered into force prior to the entry into force of the WTO agreement (unless such an agreement amounted to an arbitrary or unjustifiable discrimination against nationals of other Members)).

The broad effect of the MFN principle is to equalise the granting of favours and advantages as amongst the members of a group of trading nations which are subject to the principle. In the case of TRIPS, the MFN principle has been drafted in a way that makes it operate in a relatively unqualified way. There is, for example, no equivalent of Article XXIV. Whenever developing countries which are WTO members enter into an international agreement whether bilateral or other which grants TRIPS plus favours to another nation, it follows that the MFN principle will oblige those developing countries to extend those favours to all WTO members (subject to the qualifications mentioned in Article 4).

This means that the MFN principle in TRIPS when combined with bilateral agreements will work in favour of the two leading exporters of intellectual property in the world, the US and the EU. Whenever the US negotiates an agreement with a WTO developing country member the MFN principle will see the EU gain the benefit of standards that the US obtains. The same is true for the US when the EU obtains gains in a bilateral agreement dealing with intellectual property. It is also true that if the EU and the US between them negotiate enough bilateral agreements containing TRIPS plus standards,



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those standards will become for practical purposes the new minimum standards from which any future WTO trade round will have to proceed.

The key point is that the MFN principle in TRIPS when combined with bilateralism on intellectual property will have the effect of spreading and setting new minimum standards of intellectual property faster than would have happened otherwise.

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