

1996

Compliance with TRIPS: The Emerging World View

Adrian Otten
World Trade Organization

Hannu Wager
World Trade Organization

Follow this and additional works at: <https://scholarship.law.vanderbilt.edu/vjtl>



Part of the [Intellectual Property Law Commons](#), and the [International Trade Law Commons](#)

Recommended Citation

Adrian Otten and Hannu Wager, Compliance with TRIPS: The Emerging World View, 29 *Vanderbilt Law Review* 391 (2021)

Available at: <https://scholarship.law.vanderbilt.edu/vjtl/vol29/iss3/2>

This Symposium is brought to you for free and open access by Scholarship@Vanderbilt Law. It has been accepted for inclusion in Vanderbilt Journal of Transnational Law by an authorized editor of Scholarship@Vanderbilt Law. For more information, please contact mark.j.williams@vanderbilt.edu.



DATE DOWNLOADED: Thu Oct 26 10:03:44 2023

SOURCE: Content Downloaded from [HeinOnline](#)

Citations:

Please note: citations are provided as a general guideline. Users should consult their preferred citation format's style manual for proper citation formatting.

Bluebook 21st ed.

Adrian Otten & Hannu Wager, Compliance with TRIPS: The Emerging World View, 29 VAND. J. Transnat'l L. 391 (1996).

ALWD 7th ed.

Adrian Otten & Hannu Wager, Compliance with TRIPS: The Emerging World View, 29 Vand. J. Transnat'l L. 391 (1996).

APA 7th ed.

Otten, A., & Wager, H. (1996). Compliance with trips: the emerging world view. Vanderbilt Journal of Transnational Law, 29(3), 391-414.

Chicago 17th ed.

Adrian Otten; Hannu Wager, "Compliance with TRIPS: The Emerging World View," Vanderbilt Journal of Transnational Law 29, no. 3 (May 1996): 391-414

McGill Guide 9th ed.

Adrian Otten & Hannu Wager, "Compliance with TRIPS: The Emerging World View" (1996) 29:3 Vand J Transnat'l L 391.

AGLC 4th ed.

Adrian Otten and Hannu Wager, 'Compliance with TRIPS: The Emerging World View' (1996) 29(3) Vanderbilt Journal of Transnational Law 391

MLA 9th ed.

Otten, Adrian, and Hannu Wager. "Compliance with TRIPS: The Emerging World View." Vanderbilt Journal of Transnational Law, vol. 29, no. 3, May 1996, pp. 391-414. HeinOnline.

OSCOLA 4th ed.

Adrian Otten & Hannu Wager, 'Compliance with TRIPS: The Emerging World View' (1996) 29 Vand J Transnat'l L 391 Please note: citations are provided as a general guideline. Users should consult their preferred citation format's style manual for proper citation formatting.

Provided by:

Vanderbilt University Law School

-- Your use of this HeinOnline PDF indicates your acceptance of HeinOnline's Terms and Conditions of the license agreement available at

<https://heinonline.org/HOL/License>

-- The search text of this PDF is generated from uncorrected OCR text.

-- To obtain permission to use this article beyond the scope of your license, please use:

[Copyright Information](#)

Compliance with TRIPS: The Emerging World View

Adrian Otten*
Hannu Wager**

ABSTRACT

This Article provides an overview of the substantive provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The authors begin by explaining how the TRIPS Agreement signals a new emphasis on protecting intellectual property in the international trading system and the World Trade Organization. They then discuss the Agreement's obligations on substantive protection, as well as its enforcement and dispute resolution mechanisms. Finally, the authors address the international plans for the Agreement's implementation and administration. Otten and Wager conclude that, while it does not solve all the problems related to international intellectual property matters, the TRIPS Agreement represents the most comprehensive international agreement on intellectual property protection to date and a basis for the further development of international rules.

* Director, Intellectual Property and Investment Division, the World Trade Organization. The views presented in this Article are the responsibility of the authors and should not be taken as necessarily those of the World Trade Organization or the World Trade Organization Secretariat. © 1996 Adrian Otten and Hannu Wager.

** Legal Affairs Officer, Intellectual Property and Investment Division, the World Trade Organization.

TABLE OF CONTENTS

I.	INTELLECTUAL PROPERTY PROTECTION AS AN INTEGRAL PART OF THE MULTILATERAL TRADING SYSTEM	393
II.	CERTAIN GENERAL PROVISIONS.....	394
III.	SUBSTANTIVE STANDARDS OF PROTECTION	396
	A. <i>Copyright and Related Rights</i>	397
	B. <i>Trademarks</i>	399
	C. <i>Geographical Indications</i>	400
	D. <i>Industrial Designs</i>	400
	E. <i>Patents</i>	400
	F. <i>Layout-Designs of Integrated Circuits</i>	401
	G. <i>Undisclosed Information</i>	402
	H. <i>Control of Anticompetitive Practices</i>	402
	I. <i>Acquisition and Maintenance of Intellectual Property Rights</i>	403
IV.	ENFORCEMENT	403
V.	TRANSITIONAL ARRANGEMENTS.....	407
VI.	MONITORING OF COMPLIANCE	409
VII.	DISPUTE SETTLEMENT.....	411
VIII.	FORUM FOR FURTHER NEGOTIATION	413

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement),¹ which came into effect on January 1, 1995, is to date the most comprehensive multilateral agreement on intellectual property. It deals with each of the main categories of intellectual property rights, establishes standards of protection as well as rules on enforcement, and provides for the application of the World Trade Organization (WTO) dispute settlement mechanism to resolve disputes between member states. The areas of intellectual property that it covers are: copyright and related rights (*i.e.*, the rights of performers, producers of sound recordings, and broadcasting organizations); trademarks, including service marks; geographical indications, including appellations of origin; industrial designs; patents, including the protection of new varieties of plants; the layout-

1. Marrakesh Agreement Establishing the World Trade Organization [hereinafter WTO Agreement], Annex 1C: Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994 [hereinafter TRIPS], *reprinted in THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS—THE LEGAL TEXTS* 6-19, 365-403 (GATT Secretariat ed., 1994) [hereinafter RESULTS OF THE URUGUAY ROUND]. The texts of each of the agreements reached at the conclusion of the Uruguay Round in December of 1993 and the related decisions taken at the same time and those taken at the Ministerial Meeting in Marrakesh in April of 1994, are contained in RESULTS OF THE URUGUAY ROUND, *supra*.

designs of integrated circuits; and undisclosed information, including trade secrets.

This Article attempts to provide an overview of the main features of the TRIPS Agreement and of the international arrangements for its implementation and administration.

I. INTELLECTUAL PROPERTY PROTECTION AS AN INTEGRAL PART OF THE MULTILATERAL TRADING SYSTEM

As a result of the TRIPS Agreement (Agreement), the protection of intellectual property has become an integral part of the multilateral trading system, as embodied in the World Trade Organization (WTO). Indeed, the protection of intellectual property is one of the three pillars of the WTO, the other two being trade in goods (the area traditionally covered by the General Agreement on Tariffs and Trade (GATT)) and the new agreement on trade in services.² The fact that the protection of intellectual property has thus moved to the center stage of international economic relations is not surprising given its major and growing importance to international competition in many areas of economic activity. In fact, the negotiation of the TRIPS Agreement was prompted by the perception that inadequate standards of protection and ineffective enforcement of intellectual property rights were often unfairly depriving the holders of such rights of the benefits of their creativity and inventiveness, and, as a result, prejudicing the legitimate commercial interests of their respective countries.

The new status of intellectual property protection in the international trading system has a number of important consequences, three of which will be discussed here. First, it explains why it was possible to negotiate, in the context of the Uruguay Round, such a major advance in the international protection of intellectual property. It became accepted, at least from the halfway point of the Uruguay Round negotiations, that a major agreement on intellectual property was a necessary component of a successful conclusion to the negotiations and therefore, in a certain sense, to the maintenance and strengthening of the multilateral trading system as a whole.

2. WTO Agreement, *supra* note 1, Annex 1A: Multilateral Agreements on Trade in Goods—General Agreement on Tariffs and Trade 1994 [hereinafter GATT 1994], *reprinted in RESULTS OF THE URUGUAY ROUND*, *supra* note 1, at 20-38; WTO Agreement, *supra* note 1, Annex 1B: General Agreement on Trade in Services, *reprinted in RESULTS OF THE URUGUAY ROUND*, *supra* note 1, at 325-64.

Second, due to the place of the TRIPS Agreement within the trading system it can be expected that over the coming years there will be something close to universal acceptance of its obligations. One of the important changes in the WTO, in contrast to the GATT, is that all countries wishing to be members, and to enjoy the market access it provides, will have to accept all the main WTO agreements, including the TRIPS Agreement. Of the 125 countries that were parties to the adoption of the Uruguay Round results in Marrakesh in April of 1994, 120 have already become members. Most of the remaining countries are expected to become members in the near future once they complete necessary domestic procedures. In addition, accession negotiations are under way with virtually all other governments of economic significance (twenty-nine at present), including China, Chinese Taipei, Vietnam, Russia, and the Ukraine.

Third, the dispute settlement procedures, as revised and strengthened in the Uruguay Round, will also apply to the TRIPS Agreement. Under the WTO, the failure of a country to meet its TRIPS obligations can put its market access rights and other benefits in jeopardy.

II. CERTAIN GENERAL PROVISIONS

Like the preexisting international intellectual property conventions, the TRIPS Agreement is a minimum standards agreement. It leaves members free to provide more extensive protection of intellectual property. Members may do so for purely domestic reasons or because they conclude international agreements in this regard, whether bilateral, regional (e.g., European Communities and North American Free Trade Agreement (NAFTA)), or multilateral (e.g., World Intellectual Property Organization (WIPO)). This is made clear in Article 1(1) of TRIPS, which provides that members may, but shall not be obliged to, implement in their law more extensive protection than is required by the Agreement, provided that such protection does not contravene the provisions of the Agreement.³ Article 1(1) also makes it clear that the Agreement is not intended to be a harmonization agreement—provided that members conform to the minimum requirements established by the Agreement, they are left free to determine the appropriate method of doing so within their own legal system and practice.⁴

3. TRIPS, *supra* note 1, art. 1(1).

4. *Id.*

As in the main preexisting intellectual property conventions, the basic obligation on each member country is to accord the treatment in regard to the protection of intellectual property provided for under the Agreement to the persons of other members. Article 1(3) defines who these persons are. These persons are referred to as "nationals," but include persons, natural or legal, who have a close attachment to other members without necessarily being nationals.⁵ The criteria for determining which persons will thus benefit from the treatment provided for under the Agreement are those laid down for this purpose in the main preexisting intellectual property conventions of WIPO, which are applied, of course, to all WTO members whether or not they are parties to those conventions.⁶

Articles 3, 4, and 5 include the fundamental rules on national treatment and most-favored-nation treatment of foreign nationals, which are common to all categories of intellectual property covered by the Agreement. These obligations cover not only the substantive standards of protection but also matters affecting the availability, acquisition, scope, maintenance, and enforcement of intellectual property rights, as well as those matters affecting the use of intellectual property rights specifically addressed in the Agreement. While the national treatment clause forbids discrimination between a member's own nationals and the nationals of other members, the most-favored-nation treatment clause forbids discrimination between the nationals of other members. In respect of the national treatment obligation, the exceptions allowed under the preexisting intellectual property conventions of WIPO are also allowed under TRIPS. Where these exceptions allow material reciprocity, a consequential exception to most-favored-nation treatment is also permitted. TRIPS also provides certain other limited exceptions to the most-favored-nation obligation.⁷

An issue that the Uruguay Round negotiations left unresolved is the question of "exhaustion." Article 6 provides that, for the purposes of dispute settlement under the TRIPS Agreement,

5. *Id.* art. 1(3).

6. These conventions are: Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, *as last revised*, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention]; Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, *as last revised*, July 24, 1971, 828 U.N.T.S. 221 [hereinafter Berne Convention]; International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, *adopted* Oct. 26, 1961, 496 U.N.T.S. 43 [hereinafter Rome Convention]; Treaty on Intellectual Property in Respect of Integrated Circuits, *opened for signature* May 26, 1989, 28 I.L.M. 1477 [hereinafter IPIC Treaty].

7. TRIPS, *supra* note 1, arts. 3, 4, 5.

nothing in the Agreement shall be used to address the issue of the exhaustion of intellectual property rights, provided that there is compliance with the national treatment and most-favored nation treatment obligations.⁸

Article 7 of the Agreement is entitled "Objectives." It should be read in conjunction with the preamble, which reproduces the basic Uruguay Round negotiating objectives established in the TRIPS area by the 1986 Punta del Este Declaration and the 1988-89 Mid-Term Review.⁹ Also, Article 8, entitled "Principles," recognizes the rights of members to adopt measures for public health and other public interest reasons and to prevent the abuse of intellectual property rights, provided that such measures are consistent with the provisions of the TRIPS Agreement.¹⁰ Developing countries attach importance to these articles, which put emphasis on the transfer and dissemination of technology.

III. SUBSTANTIVE STANDARDS OF PROTECTION

In respect of each of the main areas of intellectual property covered by the TRIPS Agreement, the Agreement sets out the minimum standards of protection to be provided by each member. These standards are set at a level comparable to those in the major industrial countries today. Each of the main elements of protection is defined, namely the subject matter to be protected, the rights to be conferred and permissible exceptions to those rights, and the minimum duration of protection.

The Agreement sets these standards by requiring, first, compliance with the substantive obligations of the main WIPO Conventions, the Paris Convention, and the Berne Convention, in their most recent versions.¹¹ With the exception of the provisions of the Berne Convention on moral rights, all the main substantive provisions of these conventions are incorporated by reference and thus become obligations under the TRIPS Agreement.¹² The relevant provisions are to be found in Articles 2(1) and 9(1) of the

8. *Id.* art. 6.

9. *Id.* art. 7. *Ministerial Declaration on the Uruguay Round: Declaration of Sept. 20, 1986*, in GATT, BASIC INSTRUMENTS AND SELECTED DOCUMENTS [BISD], 33D SUPP. 19, 25-26 (1987), reprinted in 25 I.L.M. 1623, 1626 (1986). *Results adopted by the Trade Negotiations Committee at its mid-term review held in Montreal on December 5-9, 1989 and in Geneva on April 5-8, 1989*, GATT Doc. MTN.TNL/11 (Apr. 21, 1989), reprinted in 28 I.L.M. 1023, 1030 (1989).

10. TRIPS, *supra* note 1, art. 8.

11. *Id.* arts. 2(1), 9(1).

12. *Id.*

TRIPS Agreement, which relate to the Paris Convention and to the Berne Convention, respectively.¹³

Second, the TRIPS Agreement adds a substantial number of additional obligations with respect to matters where the preexisting conventions were silent or were perceived as being inadequate. The TRIPS Agreement is thus sometimes referred to as a Berne and Paris-plus agreement. While the TRIPS Agreement adds new obligations, it also aims to make more effective the application of the main preexisting conventions.¹⁴

The main features of the provisions concerning various categories of intellectual property covered by the TRIPS Agreement are summarized *infra*. The relevant provisions can be found in Part II of the Agreement.

A. Copyright and Related Rights¹⁵

During the Uruguay Round negotiations, it was recognized that the Berne Convention already, for the most part, provided adequate basic standards of copyright protection. Thus, it was agreed that the point of departure should be the existing level of protection under the latest Act of the Convention, the Paris Act of 1971. In the area of copyright, therefore, the TRIPS Agreement confines itself to clarifying or adding obligations on a number of specific points.

The Agreement clarifies two important points relating to new technology. First, it provides that computer programs, whether in source or in object code, shall be protected as literary works under the Berne Convention.¹⁶ Second, it clarifies that a database or other compilation of data or other material shall be protected under copyright¹⁷ even where it includes data or other material that, as such, is not protected under copyright, provided that, by reason of the selection or arrangement of its contents, the database or other compilation constitutes an intellectual creation.¹⁸

13. *Id.*

14. Article 2(2) of the TRIPS Agreement contains a safeguard clause, according to which "[n]othing in Parts I to IV of this Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention, and the Treaty on Intellectual Property in Respect of Integrated Circuits." *Id.* art. 2(2).

15. *See id.* arts. 9-14.

16. *Id.* art. 10(1).

17. *Id.* art. 10(2).

18. *Id.*

The other main provisions include an obligation to provide exclusive rental rights to the authors of computer programs and, in certain situations, of cinematographic works.¹⁹ The provisions also require members to ensure that any limitations or exceptions to exclusive rights, including those permitted under the Berne Convention, are confined to special cases that do not conflict with the normal exploitation of the work or unreasonably prejudice the legitimate rights of the right holder.²⁰

The section of the TRIPS Agreement on copyright and related rights is intended to be strictly neutral as between the authors' rights and copyright traditions in this area, providing more effective protection in both respects. One example of this neutrality is in the treatment of the rights of performers, producers of phonograms, and broadcasting organizations.²¹ Here the focus is on the substance of the protection that should be granted, without prejudging the form that a member state might choose to use for this purpose. In contrast to the Berne Convention, there is no requirement in the TRIPS Agreement to comply with the substantive provisions of the Rome Convention.²² However, the provisions of the TRIPS Agreement in these areas are substantially inspired by the Rome Convention and certain provisions of the Rome Convention are referred to for the sake of economy in legal drafting. The standards in the TRIPS Agreement are in some respects higher than those in the Rome Convention and in other respects less so.

Under the TRIPS Agreement, performers must have the possibility of preventing the unauthorized fixation of their performances on phonograms as well as the reproduction of such fixations. They must also have the possibility of preventing the unauthorized broadcast by wireless means and the unauthorized communication to the public of their live performances. The producers of phonograms must have exclusive rights over the reproduction of their phonograms and also exclusive rental rights. Broadcasting organizations must have the right to prohibit the unauthorized fixation, reproduction of fixations, and rebroadcasting by wireless means of broadcasts, as well as communication to the public of their television broadcasts. It is not necessary, however, to grant such rights to broadcasting organizations if owners of copyright in the subject matter of broadcasts are provided with the possibility of preventing these acts, subject to the provisions of the Berne Convention. One of

19. *Id.* art. 11.

20. *Id.* art. 13.

21. *Id.* art. 14.

22. *See* Rome Convention, *supra* note 6.

the main improvements to the level of protection provided for in the Rome Convention is that the term of protection of both performers and producers of phonograms must be at least fifty years.²³

B. Trademarks²⁴

With respect to protectable subject matter, the basic rule is that any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings must be eligible for registration as a trademark, provided that it is visually perceptible. Where signs are not inherently capable of distinguishing the relevant goods or services, registrability may be made dependent on distinctiveness acquired through use.²⁵ The Agreement requires service marks to be protected in the same way as marks distinguishing goods.²⁶

The Agreement defines the minimum rights that must be conferred by a trademark.²⁷ In respect of the protection required by Article 6*bis* of the Paris Convention for well-known marks, the Agreement requires that knowledge in the relevant sector of the public acquired not only as a result of the use of the mark but also as a result of its promotion be taken into account.²⁸ Furthermore, subject to certain conditions, the protection of registered well-known marks must extend to goods or services that are not similar to those in respect of which the trademark has been registered.²⁹

Cancellation of a mark on the grounds of non-use cannot take place before three years of uninterrupted non-use has elapsed, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner.³⁰ Circumstances arising independently of the will of the owner of the trademark, such as import restrictions or other government restrictions, shall be recognized as valid reasons of non-use.³¹ Use of a trademark by another person, when subject to the control of its owner, must be recognized as use of the trademark for the purpose of

23. TRIPS, *supra* note 1, art. 14(5); Rome Convention, *supra* note 6, art. 14.

24. TRIPS, *supra* note 1, arts. 15-21.

25. *Id.* art. 15(1).

26. *Id.* arts. 15, 16, 62(3).

27. *Id.* art. 16(1).

28. *Id.* art. 16(2); Paris Convention, *supra* note 6, art. 6*bis*.

29. TRIPS, *supra* note 1, art. 16(3).

30. *Id.* art. 19(1).

31. *Id.*

maintaining the registration.³² It is further required that use of the trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form, or use in a manner detrimental to its capability to distinguish the goods or services.³³

C. *Geographical Indications*³⁴

Geographical indications must be protected against uses that would mislead the public or constitute acts of unfair competition.³⁵ In addition, geographical indications identifying wines and spirits must be protected even without being subject to these tests (*i.e.*, whenever used on other wines or spirits).³⁶ However, there are exceptions. There is an exception, for example, where a geographical indication has already become a generic term in the local language.³⁷ But a member availing itself of these exceptions must agree to enter into negotiations, bilateral or multilateral, aimed at increasing the protection of that geographical indication.³⁸

D. *Industrial Designs*³⁹

Minimum standards of protection for industrial designs are specified, including a minimum total duration of protection of at least ten years.⁴⁰ There is a special provision aimed at taking into account the short life cycle and sheer number of new designs in the textile sector: requirements for securing protection of such designs, especially with respect to cost, examination, or publication, must not unreasonably impair the opportunity to seek and obtain such protection.⁴¹

E. *Patents*⁴²

In the area of patents, the Agreement requires member states to make patent protection available for inventions in all areas of

32. *Id.* art. 19(2).

33. *Id.* art. 20.

34. *See id.* arts. 22-24.

35. *Id.* art. 22(2).

36. *Id.* art. 23(9).

37. *Id.* art. 24(6).

38. *Id.* art. 24(9).

39. *See id.* arts. 25, 26.

40. *Id.* art. 28.

41. *Id.* art. 25(2).

42. *See id.* arts. 27-34.

technology without discrimination, the only substantial sectorial exceptions being for plants and animals other than microorganisms and for essentially biological processes for the production of plants and animals other than microbiological processes.⁴³ Any country opting to exclude plant varieties from patent protection, however, will be required to introduce an effective *sui generis* system of protection.⁴⁴ The Agreement does not address the first-to-file/first-to-invent debate directly, but will require member countries not to discriminate in the availability of patent protection according to the place of invention.

The basic patent rights are specified, including the requirement that process protection must extend to products obtained directly by the protected process.⁴⁵ Compulsory licensing and government use without the authorization of the right holder are allowed, but are made subject to fifteen conditions aimed at protecting the legitimate interests of the right holder.⁴⁶ These conditions include the obligation, as a general rule, to grant such licenses only if an unsuccessful attempt has been made to acquire a voluntary license on reasonable terms and conditions within a reasonable period of time; the requirement to pay adequate remuneration in the circumstances of each case, taking into account the economic value of the license; a requirement that decisions be subject to judicial or other independent review by a distinct higher authority; and the prohibition of discrimination in compulsory licensing as to the field of technology, the place of invention, and whether products are imported or locally produced.⁴⁷ Certain of these conditions are relaxed where compulsory licenses are employed to remedy practices that have been established as anticompetitive by a legal process.⁴⁸ The minimum term of protection is twenty years from the filing date.⁴⁹

F. *Layout-Designs of Integrated Circuits*⁵⁰

The TRIPS Agreement requires member states to protect the layout-design of integrated circuits in accordance with the

43. *Id.* art. 27.

44. *Id.* art. 27(3).

45. *Id.* art. 28(9).

46. *Id.* art. 31.

47. *Id.* arts. 27(1), 31.

48. *Id.* art. 39(k).

49. *Id.* art. 33.

50. *See id.* arts. 35-38.

provisions of the IPIC Treaty,⁵¹ negotiated under the auspices of WIPO in 1989, together with four additional provisions that address the concerns that have made that treaty unacceptable to many. These relate to the term of protection (ten years instead of eight), the treatment of innocent infringers, the applicability of the protection to articles containing infringing integrated circuits, and compulsory licensing.

G. Undisclosed Information⁵²

The TRIPS Agreement contains a section that, for the first time in international public law, explicitly requires undisclosed information (trade secrets or know-how) to benefit from protection.⁵³ The protection must apply to information that is secret, that has commercial value because it is secret, and that has been subject to reasonable steps to keep it secret. The Agreement does not require undisclosed information to be treated as a form of property, but it does require that a person lawfully in control of such information have the ability to prevent it from being disclosed to, acquired by, or used by others without his or her consent in a manner contrary to honest commercial practices.⁵⁴ The Agreement also contains provisions on undisclosed test data and other data whose submission is required by governments as a condition of approving the marketing of pharmaceutical or agricultural chemical products that use new chemical entities.⁵⁵ In such a situation, the member state concerned must protect the data against unfair commercial use.

H. Control of Anticompetitive Practices⁵⁶

The TRIPS Agreement recognizes that countries may adopt, consistent with the other provisions of the Agreement, appropriate measures to prevent or control practices in the licensing of intellectual property rights that are abusive and anticompetitive. It provides for a mechanism whereby a country seeking to take action against such practices involving the companies of another member state can enter into consultations with that other

51. See IPIC Treaty, *supra* note 6. .

52. TRIPS, *supra* note 1, art. 39.

53. *Id.* art. 39.

54. *Id.* art. 39(2).

55. *Id.* art. 39(3).

56. See *id.* art. 40.

member to seek its cooperation through the supply of information relevant to the matter in question.⁵⁷

I. *Acquisition and Maintenance of Intellectual Property Rights*

On the whole, the Agreement does not deal in detail with procedural questions relating to the acquisition and maintenance of intellectual property rights. Part IV of the Agreement contains some general rules on these matters, the purpose of which is to ensure that unnecessary procedural difficulties in acquiring or maintaining intellectual property rights are not employed to impair the protection required by the Agreement.⁵⁸

IV. ENFORCEMENT

A weakness of the preexisting international law in the area of intellectual property has been that it is almost entirely silent on the issue of enforcement. High substantive standards of protection of intellectual property are of little use if rights cannot be effectively enforced. Thus, a major set of obligations in the TRIPS Agreement requires members to provide domestic procedures and remedies so that right holders can enforce their rights effectively. These provisions aim to recognize basic differences between national legal systems, while being sufficiently precise to provide for effective enforcement action as well as safeguards against abuse in the use of enforcement procedures. These rules constitute the first time in any area of international law that such rules on domestic enforcement procedures and remedies have been negotiated.

The provisions on enforcement have two basic objectives: first, to ensure that effective means of enforcement are available to right holders; and second, to ensure that enforcement procedures are applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide safeguards against their abuse. The obligations set out are of two main types. The first are those which prescribe procedures and remedies that must be provided by each member, with special attention to the authority that must be available to judges and courts. The second are what might be described as "performance" requirements in relation to the workings of these procedures and remedies in practice. For example, they must permit effective

57. *Id.* art. 40.

58. *Id.* art. 62.

action against infringing activity, provide expeditious and deterrent remedies, and be applied in a manner that will avoid the creation of barriers to legitimate trade.

The Agreement makes a distinction between infringing activity in general, for which civil judicial procedures and remedies must be available, and counterfeiting and piracy, which are more blatant and egregious forms of infringing activity. With respect to counterfeiting and piracy, additional procedures and remedies must also be provided, namely border measures and criminal procedures. For this purpose, counterfeit goods are in essence defined as goods involving slavish copying of trademarks, and pirated goods as goods that violate a reproduction right under copyright or a related right.⁵⁹

The provisions on enforcement are contained in Part III of the Agreement, which is divided into five sections. The first section⁶⁰ lays down general obligations that all enforcement procedures must meet. These are notably aimed at ensuring effectiveness and that certain basic principles of due process are met.

The second section⁶¹ requires that civil judicial procedures must be available in respect of any activity infringing intellectual property rights covered by the Agreement. These provisions elaborate in more detail basic features for which such procedures must provide, for example to ensure fair and equitable proceedings⁶² and that, under certain conditions, there must be a means for the opposing party to be ordered to produce relevant evidence.⁶³ Available remedies must include injunctions, damages, and, in certain situations, the forfeiture and destruction or disposal of infringing goods and the materials and instruments

59. The definitions are contained in footnote 14 to Article 51, which reads:

For the purposes of this Agreement:

(a) "counterfeit trademark goods" shall 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;

(b) "pirated copyright goods" shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an 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.

Id. art. 51 n.14.

60. *See id.* art. 41.

61. *See id.* arts. 42-49.

62. *Id.* art. 42.

63. *Id.* art. 43(7).

used to produce them in a way that would avoid any harm to the right holder.⁶⁴

The third section⁶⁵ deals with provisional measures. Each country must ensure that its judicial authorities have the power to order prompt and effective provisional measures both to prevent infringing activity from occurring and to preserve relevant evidence.⁶⁶ The judicial authorities must, where appropriate, be able to adopt provisional measures without a prior hearing of the party that might be the subject of them, in particular where any delay is likely to cause irreparable harm and where there is a demonstrable risk of evidence being destroyed.⁶⁷ The rest of this section is devoted to ensuring that national legislation provides for the necessary safeguards to prevent abuse of such provisional measures.⁶⁸

The fourth section⁶⁹ deals with border measures. The TRIPS Agreement reflects the view that the preferred method of combating counterfeiting and piracy is to prevent the infringing activity at its source (*i.e.*, the point of production). This is preferred both because it is more efficient and because it avoids the risk of unjustified discrimination against imported goods that special border procedures entail. The TRIPS Agreement, however, also recognizes the need for action at the border. Border action will act as a safety net in the event that enforcement at the source has not taken place, at least in respect of counterfeit and pirated goods, which are the more blatant types of infringing activity. While border procedures must apply at least in respect of imports of counterfeit and pirated goods, it is specifically recognized that members may also apply them in respect of goods infringing other intellectual property rights, as well as provide corresponding procedures concerning infringing goods destined for exportation.⁷⁰

The provisions of the fourth section require each member to provide a means by which right holders can obtain the cooperation of the customs authority to suspend the release into free circulation of infringing goods.⁷¹ The basic procedure is that a right holder, suspecting that the importation of counterfeit or pirated goods may take place, could file an application in writing

64. *Id.* arts. 44-46.

65. *See id.* art. 50.

66. *Id.* art. 50(1).

67. *Id.* art. 50(2).

68. *Id.* arts. 50(3)-50(7).

69. *See id.* arts. 51-60.

70. *Id.* art. 51.

71. *Id.*

with a competent authority, providing adequate prima facie evidence and a sufficiently detailed description of the goods. The applicant would then be informed whether the application is accepted and of the period for which the customs authorities will take action. The remedies available to the competent authorities must include the destruction or disposal of infringing goods in a way that would avoid any harm to the right holder.⁷² As a general rule, they must not allow counterfeit goods to be re-exported in an unaltered state or subject to a different customs procedure.⁷³

As in the area of provisional civil judicial measures, considerable attention is given to ensuring that such measures are not used as a means of harassing legitimate trade. These provisions relate to such matters as the lodging of a security or equivalent assurance by the applicant, the duration of suspension by the customs authorities pending further action, prompt notification of the affected parties with a prompt right of review, and indemnification of adversely affected parties where goods have been wrongfully detained.⁷⁴ Given the greater complexities of infringement determinations where goods involving infringements of intellectual property rights other than trademarks and copyright are concerned, importers must have the ability to obtain their release ten or twenty days after suspension of customs clearance on the posting of a security in an amount sufficient to protect the right holder for any infringement, unless provisional relief has been granted by a duly empowered authority.⁷⁵

The fifth section⁷⁶ in the enforcement chapter of the TRIPS Agreement deals with criminal procedures. Members must make provision for these procedures to be applied, at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Sanctions must be sufficient to provide a deterrent and be consistent with the level of penalties applied for crimes of a corresponding gravity.⁷⁷ Criminal remedies in appropriate cases must also provide for the seizure, forfeiture, and destruction of the infringing goods and of materials and instruments used to produce them.⁷⁸

A further general point concerning enforcement is that, in joining the TRIPS Agreement, countries will commit themselves to

72. *Id.* art. 59.

73. *Id.*

74. *Id.* arts. 53-56.

75. *Id.* art. 53(2).

76. *See id.* art. 61.

77. *Id.*

78. *Id.*

establishing contact points in their national administrations and being ready to exchange information with each other on trade in infringing goods. In particular, they must promote the exchange of information and cooperation between customs authorities with regard to trade in counterfeit and pirated goods.⁷⁹

V. TRANSITIONAL ARRANGEMENTS

The Agreement gives all WTO members transitional periods so that they can meet their obligations under it. However, two important substantive obligations have been effective from the entry into force of the TRIPS Agreement on January 1, 1995. One obligation is found in the so-called "non-backsliding" clause in Article 65(5), which concerns changes made during the transitional period. The other obligation is found in the so-called "mail-box" provision in Article 70(8) for filing patent applications for pharmaceutical and agricultural chemical products during the transitional period.

The transitional periods, which depend on the level of development of the country concerned, are contained in Articles 65 and 66. Developed member states have had to comply with all of the provisions of the TRIPS Agreement since January 1, 1996. For developing countries, the general transitional period is five years, ending on January 1, 2000. For those countries on the United Nations list of least-developed countries the period is eleven years. A country whose economy is in transition, but that is not a developing country, may nonetheless delay application until the year 2000, if it meets three tests: (1) it is in the process of transformation from a centrally-planned into a market, free enterprise economy; (2) it is undertaking structural reform of its intellectual property system; and (3) it faces special problems in the preparation and implementation of intellectual property laws and regulations.⁸⁰ However, all members, even those availing themselves of the longer transitional periods, have had to comply with the national treatment and most-favored-nation treatment obligation as of January 1, 1996.

Somewhat more complicated transition rules apply in the situation where a developing country does not presently give product patent protection to pharmaceutical or agricultural chemical inventions. According to Article 65(4), such a developing country may delay up to ten years the extension of patent

79. See *id.* art. 69.

80. *Id.* art. 65(3).

protection to such inventions. In accordance with the "mail-box" provision contained in Article 70(8), however, the country has to accept the filing of patent applications in these areas of technology from January 1, 1995. If a product that has been the subject of such a patent application obtains marketing approval before the decision on the grant of the patent is taken, there is an obligation under Article 70(9), subject to certain conditions, to grant exclusive marketing rights for a period of up to five years to cover the gap. The practical effect of these various transition provisions should be that inventions that meet the criteria for patentability on or after the date of entry into force of the Agreement will normally be eligible for protection in such countries by the time that protection becomes of commercial significance, either by the grant of a patent after the expiration of the ten-year transition period or by an exclusive marketing right if such products get marketing approval before that time.

Three additional points should also be noted. First, the non-backsliding clause in Article 65(5) forbids countries from using the transition period to reduce the level of protection of intellectual property in a way that would result in a lesser degree of consistency with the requirements of the Agreement. Second, the TRIPS Agreement transition periods cannot provide any legal basis for a country to avoid international obligations that it has already accepted in another context. Third, the TRIPS Agreement has had considerable *de facto* effect even before countries start accepting a *de jure* international liability for their performance in meeting their TRIPS obligations, at the end of their respective transition periods. Even prior to its formal adoption in Marrakesh in April 1994, the TRIPS text had acquired the status of a *de facto* set of international norms. Many countries have already taken into account many provisions of the TRIPS Agreement. Moreover, bilateral or regional agreements on the protection of intellectual property have already frequently incorporated the TRIPS Agreement or substantial elements of it. A notable example of this was the chapter on intellectual property included in NAFTA, which, for the most part, is identical in substance to TRIPS.⁸¹

Many countries will take steps to conform with the requirements of the TRIPS Agreement prior to the end of their transition periods. Countries that are revising their intellectual property legislation for reasons other than their TRIPS obligations will naturally wish to take into account the relevant provisions of the TRIPS Agreement. Moreover, for quite a number of developing countries there is a large volume of changes that will be required

81. North American Free Trade Agreement, Dec. 17, 1992, Can.-U.S.-Mex., 32 I.L.M. 605, 670 (1993).

as a result of TRIPS. Thus, a good strategy for these countries will be to phase in the changes over a period of time rather than all at once at the end. In addition, some countries seem to see the advantages of a period to "run in" their new intellectual property and enforcement systems consistent with TRIPS prior to becoming internationally liable for their performance in so doing.

Another important aspect of the transition arrangements under the TRIPS Agreement is the provisions relating to the treatment of subject matter already existing at the time that a member starts applying the provisions of the Agreement. As provided in Article 70(2), the rules of the TRIPS Agreement generally apply to subject matter existing on the date of application of the Agreement for the member in question and which is protected in that member on the said date. Concerning copyright and most related rights, there are additional requirements. Articles 9(1), 14(6), and 70(2) of the TRIPS Agreement oblige WTO members to comply with Article 18 of the Berne Convention, not only in respect of the rights of authors but also in respect of the rights of performers and producers in phonograms.⁸² Article 18 of the Berne Convention as incorporated into the TRIPS Agreement, includes the so-called "rule of retroactivity." Under the rule of retroactivity, the Agreement applies to all works that have not yet fallen into the public domain, either in the country of origin or the country where protection is claimed, through the expiration of the term of protection. The provisions of Article 18 allow some transitional flexibility where a country is, as a result, taking subject matter out of the public domain and putting it under protection, in respect of the interests of persons who have in good faith already taken steps on the basis of the material being in the public domain. These provisions are complemented by Article 70(5) of the TRIPS Agreement, which confirms that a member is not obliged to apply the provisions of Articles 11 and 14(4) of the TRIPS Agreement on rental rights with respect to originals or copies purchased prior to the date of application of the Agreement for that member.

VI. MONITORING OF COMPLIANCE

One of the characteristics of the GATT, and now of the WTO, is the detailed and continuous follow-up of the implementation of obligations and the monitoring of compliance with them. The

82. Berne Convention, *supra* note 6, art. 18.

Council for TRIPS is the body, open to all members of the WTO, that has responsibility for the administration of the Agreement, in particular monitoring the operation of the Agreement.⁸³

One of the standard GATT mechanisms for monitoring compliance with agreements is the examination of each member's national implementing legislation by the other members. Article 63(2) of the TRIPS Agreement requires members to notify the Council for TRIPS (the Council) of the laws and regulations made effective by that member pertaining to the subject matter of the Agreement in order to assist the Council in its review of the operation of the Agreement. The Council should be notified of laws and regulations promptly, generally as of the time that the corresponding substantive obligation starts to apply. For example, developed country members have to notify the Council of their implementing legislation before the end of January 1996. The Council will review the national implementing legislation of these countries in the area of copyright and related rights in July 1996, and in the areas of trademarks, geographical indications and industrial designs in November 1996. Other areas will be taken up in 1997.

Given the extensive changes to the legislation, institutions, and practices the TRIPS Agreement imposes on many members, especially developing ones, technical cooperation is of great importance. Article 67 of the TRIPS Agreement provides that developed member states shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favor of developing and least-developed member states. The Council has received information on the technical cooperation activities of developed country members and intergovernmental organizations, and it will pursue its work on the implementation of these obligations in 1996.

To facilitate implementation of the TRIPS Agreement, the Council for TRIPS concluded with the WIPO an agreement on cooperation between the WIPO and the WTO, which came into force on January 1, 1996. The objectives of the TRIPS Agreement are essentially the same as those of the WIPO: more adequate and effective protection of intellectual property. As explicitly set out in the Preamble to the TRIPS Agreement, the WTO aims to establish a mutually supportive relationship with the WIPO. To this end, the agreement provides for cooperation in three main areas: (1) notification of, access to, and translation of national

83. See *id.* art. 68.

laws and regulations; (2) implementation of procedures for the protection of national emblems;⁸⁴ and (3) technical cooperation.

Much of the TRIPS Council's work in its early years may well revolve around monitoring the operation of the Agreement. The Council will constitute a forum for consultations on any problems relating to TRIPS arising between countries as well as for clarifying or interpreting provisions of the Agreement. The aim is, whenever possible, to resolve differences between countries without the need for formal recourse to dispute settlement.

VII. DISPUTE SETTLEMENT

The TRIPS Agreement makes disputes between member states about compliance with TRIPS obligations, whether in the field of substantive standards or in the field of domestic enforcement, subject to the integrated dispute settlement system of the World Trade Organization.⁸⁵ It is a considerably strengthened version of the earlier GATT dispute settlement system. This is an important development because the preexisting international law did not provide any practical means of recourse to a government that believed another member state was not living up to its obligations.

84. See *id.* art. 2(1); Paris Convention, *supra* note 6, art. 6ter, 21 U.S.T. 1583, 1640.

85. Article 64(1) of the TRIPS Agreement provides that "[t]he provisions of Articles XXII and XXIII of GATT 1994, as elaborated and applied by the Dispute Settlement Understanding shall apply to consultations and the settlement of disputes under this Agreement." TRIPS, *supra* note 1, art. 64(1). However, "[s]ubparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994 shall not apply to the settlement of disputes under this Agreement for a period of five years from the date of entry into force of the WTO Agreement." *Id.* art. 64(2). Subparagraph 1(b) and 1(c) of Article XXIII of GATT 1994 relate to the so-called "nonviolation and situation complaints," where a member state considers that any benefit accruing to it directly or indirectly under a covered agreement is being nullified or impaired or that the attainment of any objective of such agreement is being impeded, not as a result of the failure of another member state to carry out its obligations under such agreement, but as a result of the application by that member state of any measure, whether or not it conflicts with the provisions of such agreement, or the existence of any other situation. The Dispute Settlement Understanding is contained in the WTO Agreement, *supra* note 1, Annex 2: Understanding on Rules and Procedures Governing the Settlement of Disputes [hereinafter DSU], reprinted in RESULTS OF THE URUGUAY ROUND, *supra* note 1, at 404-33. A collection of the legal texts related to the settlement of disputes under the General Agreement on Tariffs and Trade, Oct. 30, 1947, 61 Stat. A3, 55 U.N.T.S. 187, reprinted in RESULTS OF THE URUGUAY ROUND, *supra* note 1, at 485-558, and the WTO Agreement, *supra* note 1, is contained in THE WTO DISPUTE SETTLEMENT PROCEDURES—A COLLECTION OF THE LEGAL TEXTS (WTO ed., 1995).

The integrated dispute settlement procedure of the WTO retains the basic features of the GATT dispute settlement mechanism, whereby any dispute between member states that cannot be settled through consultations can be brought to a panel of three or five independent persons who, after hearing the parties to the dispute and obtaining such advice as they find appropriate, will make findings on the legal consistency of the contested measures. The major element of strengthening that has been introduced is the elimination of the means by which it has been possible for defending or losing parties to be able to delay or block the dispute settlement process. This has been done, on the one hand, by the introduction of stricter time limits for the different stages of the dispute settlement process and, on the other hand, by reversing the consensus rule required for decisions by the Dispute Settlement Body (DSB) on the adoption of panel reports and on any eventual suspension of concessions. Previously, such decisions required a positive consensus, which meant the acquiescence of the losing party. This often took some time to obtain and, in a few cases, was withheld altogether. Under the new system, panel reports and decisions on eventual retaliation will be considered adopted unless there is a consensus against their adoption. Thus, the system has become considerably more juridical in nature. In the light of this more binding and automatic nature of panel findings, provision has been made for recourse to an appellate body whose findings, once adopted by the DSB according to the same decision-making rule, would be final.

As under GATT, the new dispute settlement system provides for the authorization of an aggrieved member to withdraw concessions in the same area of the WTO or, if this is not practical or effective, in another area of the WTO, from a country failing to comply with a dispute settlement finding within a reasonable period of time. For example, a member could be authorized to curtail market access as a result of a country's failure to comply with a TRIPS panel ruling. While it cannot be ruled out that retaliation may become somewhat more common in the future than in the past under GATT (when it was only once authorized) given the more automatic nature of the decision-making process under the new dispute settlement mechanism, it is intended to be very much a last resort. It is to be hoped that retaliation remains more a threat that gives credibility to the system than anything else.

The other feature of the dispute settlement rules that should be highlighted is the commitment of WTO members seeking redress of a violation of TRIPS or of other WTO obligations to resort to and abide by the multilateral WTO dispute settlement procedures. They undertake not to make a determination that a violation has occurred except in accordance with these

procedures, and only to make such determinations consistent with the findings resulting from them. Moreover, they specifically commit themselves not to retaliate except in accordance with authorization from the Dispute Settlement Body.⁸⁶

VIII. FORUM FOR FURTHER NEGOTIATION

A further key feature of the TRIPS Agreement is that the WTO will constitute a forum for further negotiations aimed at enhanced commitments in the area of intellectual property, as in other areas of the WTO. Three specific areas of further work are called for already in the text of the Agreement. These areas include: the negotiation of a multilateral system of notification and registration for geographical indications for wines; the review, after four years, of the option to exclude from patentability certain plant and animal inventions; and the examination of the applicability to TRIPS of nonviolation complaints under the dispute settlement process.

It is all too clear that the TRIPS Agreement does not solve all problems in the area of international relations regarding intellectual property matters. By the very nature of intellectual property, these problems are constantly changing. Although inevitably the focus of the TRIPS Council's work in the early years will be on the implementation of the TRIPS Agreement, the Agreement is not intended to be a static instrument, but one capable of development. The TRIPS Council will hold a major review of the Agreement after five years, but it is also empowered to review it at any time in the light of any relevant new developments that might warrant modification and amendment.

86. See DSU, *supra* note 85, art. 23.

