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The United States Proposal for a GATT Agreement on Intellectual Property and the Paris Convention for the Protection of Industrial Property

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I. INTRODUCTION

In March 1980, the member states of the Paris Convention for the Protection of Industrial Property (Paris Convention)[1] and the World Intellectual Property Organization (WIPO) met in Geneva to discuss proposals for the revision of the Paris Convention. The revision conference was called for by an UNCTAD study concerning the role of the patent system in the transfer of technology to developing countries and was in-

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1. Paris Convention for the Protection of Industrial Property, March 20, 1888, as revised at the Stockholm Revision Conference, July 14, 1967, 21 U.S.T. 1538, T.I.A.S. No. 6903, 828 U.N.T.S. 305 [hereinafter Paris Convention].

tended to adapt the Paris Convention, in particular, to certain requests of the Group of the Developing Countries.[2] It is known that in three sessions (Geneva 1980, Nairobi 1981, Geneva 1982) the revision conference has failed to come to an agreement and that no new Act to the Paris Convention has been adopted. Some will consider this a failure while others may think it a success. I would join those claiming that during the revision conference the attempt to erode and weaken the international standards of industrial property protection was rejected and that this was fully consistent with the wording of article 18 of the Paris Convention, which permits only revisions made "with a view to the introduction of amendments designed to improve the system of the Union."[3]

During the revision conference, the United States delegation stood in the forefront of the countries defending the status quo and the present level of international protection of industrial property as it is expressed in the Stockholm Act (1967) of the Paris Convention. An independent observer, however, could sometimes get the impression that on important issues the United States remained alone and almost isolated. This was the case, in my experience, during the discussions on the revision of the unanimity principle at the first session of the revision conference in Geneva in 1980,[4] and the following year in Nairobi, during the negotiations concerning the developing countries' request for reducing the international protection for patents provided by articles 5A and 5quater of the Paris Convention.[5]

It may be that this experience has led the United States to believe that in the present political context of the North-South conflict, there is no possibility of agreement among the great number of member states of the Paris Union on proposals to further improve the system of the Paris

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2. For details of the conference proceedings, see Kunz-Hallstein, *The Revision of the International System of Patent Protection in the Interest of the Developing Countries*, 10 IIC 649 (1979).

3. Paris Convention, *supra* note 1, art. 18(1).

4. Kunz-Hallstein, *Genfer Konferenz zur Revision der Pariser Verbandsübereinkunft zum Schutze des gewerblichen Eigentums*, 1981 GEWERBLICHER RECHTSCHUZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT.] 137, 148.

5. Article 5A of the Paris Convention sets international minimum standards for the protection of patents, in particular, against national legislative measures providing for forfeiture and the grant of compulsory licenses. Article 5quater of the Paris Convention deals with the international protection of process patents. On the proposals for revising these articles, see Kunz-Hallstein, *Verschärfter Ausübungszwang für Patente? - Überlegungen zur geplanten Revision des Art. 5A PVÜ*, 1981 GRUR INT. 347; Kunz-Hallstein, *Patentverletzung durch Einfuhr von Verfahrenserzeugnissen - Prob eleme der Auslegung und Revision des Art. 5quater PVÜ*, 1983 GRUR INT. 548.

Convention.[6] This may also be one of the reasons why the United States has proposed to include intellectual property matters in the negotiations of the so-called "Uruguay Round" of the General Agreement on Tariffs and Trade (GATT).[7]

In this proposal the United States Government has taken the position that the present intellectual property treaties, including the Paris Convention, can no longer be regarded as instruments sufficiently responsive to modern protective needs of intellectual property owners and, consequently, to the interests of the national economies of the states party to these treaties.[8] The United States has argued further that the old Conventions do not include sufficient enforcement provisions and no effective dispute settlement procedures. One particular criticism is that the conventions do not adequately ensure that the member states effectively comply with their obligations and implement the related treaty provisions.

The United States proposal refers to the earlier GATT of negotiating an international anti-counterfeiting code and seeks to broaden the GATT competence to include "trade-related aspects of intellectual property rights." It suggests the conclusion of a new international treaty, the GATT Arrangement on Intellectual Property (GATT Arrangement). The GATT Arrangement would, in short, establish high international standards for the protection and enforcement of intellectual property rights of all kinds—including patents for biotechnology processes and products, patents for microorganisms, copyrights for computer programs, and the protection of trade secrets and integrated circuit layout designs. The parties to the GATT Arrangement would undertake to adapt their national laws and enforcement mechanisms accordingly and they are to agree on a dispute settlement mechanism that will provide for member states the possibility of resorting to retaliation, including withdrawal of other GATT concessions or obligations, against a state that fails to carry

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6. Ninety-eight countries have adhered to this system as of June 17, 1988.

7. General Agreement on Tariffs and Trade, Oct. 30, 1947, 61 Stat. (5) A3, T.I.A.S. No. 1700, 55 U.N.T.S. 187. Another reason for the United States interest in this area was, of course, the connection of intellectual property rights with the trade in services, which United States trade policy seeks to bring under the umbrella of the GATT. *See* Berg, *Trade in Services: Towards a "Development Round" of GATT Negotiations Benefitting Both Developing and Industrialized States*, 28 HARV. INT'L L.J. 1 (1987).

8. *U.S. Proposal for Negotiations on Trade-Related Aspects of Intellectual Property Rights*, 34 Pat., Trademark & Copyright J. (BNA) 667 (1987). The GATT contracting parties met in Punta del Este, Uruguay, in September 1986, and decided to launch multilateral trade negotiations on goods and services, including trade-related aspects of intellectual property rights. *See* GATT FOCUS NEWSLETTER 1 (1986).

out effectively its obligations under the GATT Arrangement.

The United States proposal has found support among GATT member states[9] and within industry circles,[10] and one may also assume that most intellectual property lawyers will welcome the intended improvements of the international protection of intellectual property. The United States proposal raises, nevertheless, issues that need to be examined further. Part II of this Article examines the question of competence. The question of whether, and to what extent, principles of the old intellectual property conventions need to be taken into account during the future GATT negotiations is addressed in Part III. Finally, Part IV explores whether, and to what extent, the criticism of alleged lack of enforcement measures in these conventions is justified. This Article will examine these issues primarily from the point of view of the Paris Convention signed in 1883, which until now has constituted the very basis of the international protection of industrial property.

II. THE COMPETENCE OF THE PARIS UNION AND THE GATT IN RELATION TO INTERNATIONAL PROTECTION OF INDUSTRIAL PROPERTY

Despite the great progress achieved during the last hundred years in developing its system, the international protection of patents, trademarks, and other items of industrial property under the Paris Convention is still rather rudimentary and its level continues to be rather low.[11] The main advantage of the Paris Convention remains essentially that it enables foreign nationals by the rule of national treatment and the right of priority to obtain and claim protection of their industrial property rights in other countries of the Union.[12] The Paris Convention establishes, of course, some further minimum rights that apply to nationals of the Union, but it nevertheless leaves to national legislators great discretion in determining how to protect industrial property rights. Most of the minimum standards proposed to be included in the GATT Arrangement are, therefore,

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9. Commission of the European Communities, Green Paper on Copyright and the Challenge of Technology, Doc. Com. (88) 172 final, June 7, 1988, 221 (1988), *discussed in* 21(6) BULL. EUR. COMM. 9 (1988).

10. *Basic Framework of a GATT Agreement on Intellectual Property*, February 11, 1988, ICC Doc. No. 450/623 REV. 2 (Statement of Views of the European, Japanese and U.S. Business Communities, June, 1988, statement adopted by the Executive Board of the International Chamber of Commerce at its 53rd Session).

11. On the development of the Paris Convention, see Beier, *One Hundred Years of International Cooperation—The Role of the Paris Convention in the Past, Present and Future*, 15 IIC 1 (1984).

12. Paris Convention, *supra* note 1, arts. 2, 4 (national treatment, right of priority).

not yet ensured by the Paris Convention. For this reason, WIPO, which performs the administrative tasks of the Paris Union, presently pursues a similar project: the Organization prepares the adoption of new special agreements, within the meaning of article 19, that will harmonize the national patent and trademark law.

There is, thus, at least in substance widespread support for the United States position that the present state of international protection of industrial property should be improved. As a consequence, the question to be discussed from a legal point of view seems to be merely whether the competence to deal with this matter may lie within the GATT or whether it would rather fall within the competence of the Paris Union (or of WIPO) to take the appropriate measures and prepare the adoption of any new treaties.

The countries that are parties to the Paris Convention constitute a "Union for the Protection of Industrial Property."[13] The Union is meant to be dynamic in nature. Article 18 of the Paris Convention provides that it shall be subject to revisions with a view to the introduction of amendments designed to improve the system of the Union. One is tempted to think that, as a legal consequence, the Paris Convention could imply for its member states an obligation to first seek improvement of the international protection of industrial property within the framework of this Union.

The Paris Convention does not explain what is meant by the term "Union." Historical analysis shows that the legal nature of the Union and its impact were of little concern to the delegates participating in the Paris Conference of 1880, during which the Paris Convention was drafted. The founding fathers of the Union were—the same is true for their sons and grandsons who developed the system at the later revision conferences—primarily industrial property specialists interested in the substantive issues of international protection of patents, trademarks, and so on. They paid, therefore, relatively little attention to the aspects and implications of international treaty law. The system of a Union was, in fact, adopted by convenience and merely followed the example of the International Telecommunication Union, which was established in 1865, and the General Postal Union, whose founding treaty was signed in 1874.[14] As a consequence, one may understand the Paris Union as an early form of an international organization.[15] Following the structural

13. *Id.* art. 1.

14. EKEDI-SAMNIK, L'ORGANISATION MONDIALE DE LA PROPRIÉTÉ INTELLECTUELLE 22 (1975).

15. G. BODENHAUSEN, GUIDE TO THE APPLICATION OF THE PARIS CONVENTION

changes introduced into the Paris Convention at the Stockholm Revision Conference in 1967, the Paris Union today fully corresponds to the criteria of a modern international organization.[16]

Under international law it is held that with respect to the competence of international organizations a principle of specialty applies in order to exclude competition between different organizations.[17] This view seems in accordance with an appropriate teleological interpretation of the organizations' constituent statutes.[18] Assuming that the parties to different organizations intended reasonable results, one is led to conclude that the competence to deal with specific issues of international law lies with the organization that has been especially created for that purpose. In applying this thinking to the subject of this Article, one could possibly claim that the competence to negotiate new arrangements for improving the international protection of industrial property lies primarily with the Paris Union and that its member states should first try to achieve such improvement within the framework of the Paris Convention.

However, it is also accepted in international law that the states party to a multilateral treaty setting up an international organization may, by later application and interpretation of the treaty, express a different intention.[19] In this respect it appears that during the development of the system of the Paris Union, article 19 has been understood and frequently applied as the basis for creating "special unions" competent for specific objectives of international industrial property protection. There are even special agreements under article 19 that have been concluded under the auspices of other international organizations and are not administered by WIPO. Some examples are the European Patent Convention, certain African industrial property treaties, and the Universal Copyright Convention, which was created under the auspices of UNESCO and which has, at least, been brought into line with the system of the Berne Union.[20]

FOR THE PROTECTION OF INDUSTRIAL PROPERTY 19 (1968).

16. Ballreich, *Interdependenz Internationaler Organisationen. Das System zum Schutz des gewerblichen Eigentums als Beispiel.* 1981 ARCHIV DES VÖLKERRECHTS 121.

17. Ballreich, *Enthält das GATT den Weg aus dem Dilemma der steckengeblieben PVÜ-Revision?*, 1987 GRUR INT. 747, 748.

18. Bindschedler, *International Organizations: General Aspects*, in 5 ENCYCL. PUBLIC INT'L L., 119, 125 (R. Bernhardt ed. 1983); I. SEIDL-HOHENVELDERN, DAS RECHT DER INTERNATIONALEN ORGANISATIONEN 248 (3d ed. 1979).

19. SEIDL-HOHENVELDERN, *supra* note 18, at 250; Vienna Convention on the Law of Treaties, art. 31, May 23, 1969, U.N. Doc. A/Conf. 39/27, 63 A.J.I.L. 875 (1969), 8 I.L.M. 679 (1969) [hereinafter Vienna Convention].

20. *See* Universal Copyright Convention, art. XVII and Appendix; Declaration Relating to Art. XVII, Sept. 6, 1952, 6 U.S.T. 2731, T.I.A.S. No. 3324, 216 U.N.T.S. 132

As a first result, we may therefore conclude that member states of the Paris Convention would not be hindered under this treaty in seeking improvements of the international system of industrial property protection within the framework of other international arrangements such as GATT. It is a totally different question whether this may be advisable from international legal policy perspective; the conclusion is only that international law would not exclude the GATT approach.

The principle established in article 19—that the countries of the Paris Union reserve the right to conclude among themselves separate agreements for the protection of industrial property—contains, however, a qualification that may be of importance to the present subject. Such agreements are allowed only insofar as they do not "contravene" the provisions of the Paris Convention. This limitation of article 19 must be understood as expressing the general principle of international treaty law, *pacta sunt servanda.* It is recognized that this principle applies in cases in which the parties to a later treaty relating to the same subject matter do not include all the parties to the earlier treaty.[21] Therefore, considering the fact that the Paris Union comprises nearly one hundred member states, we may safely assume that the parties to a future GATT Arrangement on intellectual property will mostly be member states of the Paris Union and, consequently, under an express treaty obligation to conform the new GATT Arrangement to the provisions of the Paris Convention.[22]

(as revised July 24, 1971, 25 U.S.T. 1341, T.I.A.S. No. 7868) [hereinafter UCC].

21. Vienna Convention, *supra* note 19, art. 30.

22. Article 20 of the Berne Convention states in similar wording:

> The Governments of the countries of the Union reserve the right to enter into special agreements among themselves, insofar as such agreements grant to authors more extensive rights than those granted by the Convention, or contain other provisions not contrary to this convention. The provisions of existing agreements which satisfy these conditions shall remain applicable.

Berne Convention for the Protection of Literary and Artistic Works, Sept. 1886, 828 U.N.T.S. 221 [hereinafter Berne Convention] (the United States implemented the Convention this year *see Berne Implementation Act of 1988*, H.R. Doc. No. 609, 100th Cong., 2nd Sess. 1 (1988)).

The member states of the Berne Union are, therefore, also under a treaty obligation to conform a possible GATT Arrangement to the principles of the Berne Union.

III. Principles of the Paris Convention and the Proposed GATT Arrangement

A. *Reciprocity in the Proposed GATT Arrangement*

From the provisions and principles of the Paris Convention which should be considered in the coming GATT negotiations, we may exclude at the outset those establishing certain minimum rights for the nationals of the Union: the *traitement unioniste* in Roubier's terminology.[23] The proposed minimum standards to be included in the GATT Arrangement correspond to standards of protection recognized in many countries of the Union as being in perfect accordance with the Paris Convention. As indicated earlier, these proposals also correspond to some extent to the WIPO project for a Patent Law Harmonization Treaty, to be concluded as a special agreement under article 19. The *traitement unioniste* of the Paris Convention does not, therefore, constitute a problem in future GATT negotiations. There might have been a different conclusion only on the (purely theoretical) hypothesis that the GATT proposals would have intended to lower the standards of protection set out in the Paris Convention, for example, by reducing the priority periods provided under article 4.

The United States proposal includes, however, a mechanism for ensuring effective compliance with the minimum standards and norms by the states party to the future GATT Arrangement. The future member states to the GATT Arrangement shall undertake to conform their national laws to the standards and norms set out in the Arrangement.[24] A procedure for the settlement of disputes will entitle a member state to complain that another party is failing to carry out its obligations under the Arrangement. If a party is found by a competent institution to be violating the GATT Arrangement, and if it does not take corrective action, the complaining party may take appropriate retaliatory action. Thus it has been said that the goal of the United States proposal is essentially to harmonize international intellectual property law with United States laws and practice; in other words, to introduce reciprocity into the international protection of intellectual property.[25] It has also been stated recently by a German scholar of international law that treaties providing for national treatment would preclude the application of

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23. P. Roubier, 1 Le Droit de la Propriété Industrielle 277 (1952).

24. *U.S. Intellectual Property Proposal for GATT Negotiations*, 35 Pat., Trademark & Copyright J. (BNA) 357, 358 (1988).

25. Hart, *The Mercantilist's Lament: National Treatment and Modern Trade Negotiations*, 21(6) J. World Trade L. 37, 59 (1987).

reciprocity measures.[26] Since the principle of national treatment embodied in article 2 constitutes a cornerstone of the Paris Convention or, as Ulmer once called it, its *rocher de bronce*, the question is, therefore, whether and to what extent the principle of national treatment could collide with the present concept of a future GATT Agreement on intellectual property.

B. *National Treatment and Reciprocity in the Intellectual Property Treaties*

Article 2 of the Paris Convention obliges member states to grant to nationals of other countries of the Union in relation to the protection of industrial property—without prejudice to the minimum rights provided for by the Convention—all the advantages that their respective laws had granted, or will grant in the future, to their own nationals. This principle of *national treatment* or, as it is also called, *assimilation with nationals* is, with one minor exception, applied throughout the Paris Convention. The exception is provided for in article 2(3), which allows the member states to discriminate against nationals of other countries of the Union and, consequently, to also demand reciprocity, in relation to the judicial and administrative procedure, jurisdiction, and the designation of an address for service or the appointment of an agent. The classic example of this exception is the *cautio iudicatum solvi* imposed upon foreigners in a court action.[27]

The rule of national treatment applies in principle, also in the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention),[28] and in the Universal Copyright Convention, although both copyright treaties contain some more important elements of reciprocity.[29] This is, for example, the case in relation to the term of copyright protection which the member states of both conventions may restrict to that of the country of origin in the Berne Convention, or the country of the first publication under the Universal Copyright Convention. In addition, the Berne Convention allows the demand for reciprocity in relation to the copyright protection of industrial designs and models. Accordingly, the member states of the Berne Union may refuse to

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26. Meessen, *Intellectual Property Rights in International Trade*, 21(1) J. WORLD TRADE L. 67, 70 (1987).

27. BODENHAUSEN, *supra* note 15, at 32. *See, e.g.*, PATENT ACT, § 81(7) (W. Ger.); CODE ON CIVIL PROCEDURE (ZPO) § 110 (W. Ger.). *See also* Hague Convention on Civil Procedure, art. 17, Mar. 1, 1954, 286 U.N.T.S. 265.

28. Berne Convention, *supra* note 22, at art. 5(1).

29. UCC, *supra* note 20, at art. 2.

grant copyright protection to a work that is protected in the country of origin merely as an industrial design or model. Only those countries that have no special protection for designs and models are excluded from demanding reciprocity in such cases. They have to protect foreign designs and models under the rule of national treatment as works of applied art.[30]

Finally, the Berne Convention contains an interesting provision regarding the power of member states to demand reciprocity in relation to works made by nationals of countries that have not adhered to the Berne Union. Article 6(1) of the Berne Convention allows member states in such cases to restrict the protection through reciprocity. Massouyé observes that this implies a limitation of the right to demand reciprocity in relation to countries outside the Berne Union: Article 6(1) of the Berne Convention does not allow a total refusal of copyright protection or total reciprocity in relation to works made by nationals of non-Union countries; only a restriction of protection is permitted.[31]

The principle of national treatment is, as mentioned earlier, to be understood as a cornerstone of the present intellectual property treaties and, in particular, of the Paris Convention. This has been recently emphasized by David Beier, who recalls that at the original Paris Conference of 1880 the principle of national treatment was adopted despite the fact that at the time the national protection of industrial property was not well developed, and that some countries did not even have sufficient patent, trademark, and design protection.[32] As a consequence, we must conclude that the Paris Convention did not intend to allow member states to demand reciprocity over and above the limits set out in the treaty.[33] To give an example, we may cite the recent Copyright, Designs and Patents Act 1988 (British Copyright Act) which was recently adopted by the British Parliament.[34] This Act makes the grant of a new "unregistered design right" to foreigners dependent on their being either nationals of a European Economic Community member state, a British "colony," or a country granting reciprocal protection to British designs. It has been correctly pointed out by Professors Levin and Cornish that, with respect to this reciprocity requirement, the bill conflicts with the treaty obligations

30. Massouyé, in GUIDE TO THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS 22 (1979); *see also* Vaver, *The National Treatment Requirements of the Berne and Universal Copyright Convention*, 17 IIC 577 (1986).

31. Massouyé, *supra* note 30, at 40.

32. Beier, *supra* note 11, at 10 (citing further references).

33. The same conclusion applies, of course, in relation to the Berne Convention.

34. This Act was adopted on November 15, 1988. Copyright, Designs and Patents Act, 1988, ch. 48.

of the United Kingdom under the Paris Convention.[35] Indeed, article 1(2) of the Paris Convention clearly states that the scope of the convention relates to the protection of industrial designs. Hence, under the Paris Convention, the United Kingdom is bound to grant a future unregistered design right to all nationals of the Paris Union. The refusal of such a grant obviously would constitute a breach of treaty obligation under the Paris Convention.

The treaty obligation established by the Paris Convention to grant national treatment and to refrain from demanding reciprocity relates to the protection of industrial property, the object of which is defined in article 1(2) of the Paris Convention as patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition. The definition is precise and should be understood as a closed one. It is submitted that, as a consequence, the treaty obligation to grant national treatment does not extend to new objects of industrial property that are not specifically mentioned.

A classical argument of treaty interpretation holds that restrictions on the sovereignty of states may not be assumed (*in dubio mitius*).[36] The sovereign states will wish to conserve their freedom to act and to enter into other commitments insofar as they have not expressly renounced such rights. In article 2(1) of the Paris Convention, the member states have undertaken to extend the principle of national treatment to *new rights* ("advantages") that their laws may grant in the future in relation to the protection of industrial property. In drafting the definition of the scope of the Paris Convention, it appears that the member states have not adopted a similar undertaking in relation to *new objects* of industrial property protection that have not been specifically mentioned in article 1(2). As a consequence, member states are not bound under the Paris Convention to grant national treatment to new objects of industrial property protection.

State practice is in full accordance with this view: the U.S. Semiconductorchip Protection Act of 1984 considers chip protection as a new object of industrial property to which the national treatment rule does not apply. Other countries have followed this approach and do not apply the Paris Convention to this new form of protection. A further example

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35. Levin, *Brittiska regeringen föreslar nytt designskydd*, NORDISKT IMMATERIELLT RÄTTSKYDD 300, 304 (1986); Cornish, *The Canker of Reciprocity*, 4 EUR. INTELL. PROP. REV. 99 (1988).

36. VERDROSS & SIMMA, UNIVERSELLES VÖLKERRECHT, 493 (3d ed. 1984); SEIDL-HOHENVELDERN, *supra* note 18, at 250.

in this respect is the protection of plant varieties, which states have also considered as falling outside the scope of the Paris Convention. Indeed, a number of states that are also parties to the Paris Convention have adopted a new treaty independent from the Paris Union in 1961, the International Convention for the Protection of New Varieties of Plants.[37]

Thus, the analysis of the principle of national treatment in relation to reciprocity shows that this principle only limits the freedom of the member states of the Paris Union to demand reciprocity in certain respects. In particular, they may not make the grant of national treatment—for example, the grant of patents for a certain term of years—dependent on whether the respective home country grants the same protection to their own nationals. It appears that the member states of the Paris Union had, at the time, entered into this commitment convinced that a more far-reaching form of international protection of industrial property was not yet possible, and that the system of the Paris Convention—the combination of national treatment with a guarantee of certain common minimum standards—would constitute a realistic basis for a truly international system of industrial property protection.[38] It would obviously upset this system if one of the member states would deviate from this rule and request *by unilateral demand* reciprocity as done by the British Copyright Act.[39]

The reciprocity approach conceived in the proposed GATT Agreement may be distinguished from the reciprocity that is forbidden by the Paris Convention in as much as the GATT mechanism would apply only within the group of countries having adhered to the GATT Arrangement; it would not affect the obligations to grant national treatment without reciprocity under the Paris Convention. It is submitted that for this reason, the GATT Arrangement would not upset the system of the Paris Union and would, therefore, not collide with the Paris Convention and its principles. In light of the *in dubio mitius* rule referred to earlier, the Paris Convention's principle of national treatment prevents the states party to the Union only from *unilaterally* resorting to reciprocity as, for example, in the British Copyright Act.[40] The Paris Convention does not, however, preclude the states from providing for reciprocity *in a separate special agreement.* It would seem, for example, unobjectionable if the member states of such a separate agreement would decide to implement

37. *Reprinted in* K. ZWEIGERT & J. KROPHOLLER, SOURCES OF INTERNATIONAL UNIFORM LAW III-A 92 (G. Kolle & H. Kunz-Hallstein eds. 1979).

38. Beier, *supra* note 11, at 9.

39. *See supra* note 34 and accompanying text.

40. *Id.*

an obligation to protect patents for a term of twenty years with a reciprocity mechanism similar to that provided for in article 7(8) of the Berne Convention with regard to the term of copyright protection.

The analysis of the principle of national treatment, as it is expressed in all three intellectual property conventions, shows as a result of a general nature that the principles of national treatment and reciprocity are not per se incompatible. Indeed, reciprocity, together with the principle of "bona fides," is the second pillar upon which the whole system of international law is based.[41] The states present at the 1880 Conference for the negotiation of the Paris Convention may have been aware of this since they qualified, in the original article 17 (which has become with some amendments, article 25), the obligations under the Paris Convention as the "reciprocal engagements contained in the convention."[42] For all these reasons, Ballreich is surely correct in claiming that reciprocity constitutes, in the formal or abstract reciprocity, the basis of the rule of national treatment in the Paris Convention.[43] Indeed, the countries of the Paris Union place the nationals of other member states on an equal footing with their own nationals precisely because they expect their nationals to enjoy the same advantages elsewhere.[44] What is prohibited by the principle of national treatment under the Paris Convention is, therefore, only that the member states take *unilateral measures of material (concrete) reciprocity*, since this would hamper the functioning of the whole system of the Paris Convention. Conversely, separate agreements under article 18 of the Paris Convention which seek to improve the system of the Union may provide for reciprocity without affecting the functioning of the general convention.

Hence, as a further result, we may conclude that the principle of national treatment, which forbids the member states of the Paris Union to demand material or concrete reciprocity with respect to the protection of industrial property, is no hindrance for the states to agree in a special arrangement on reciprocity measures to ensure effective compliance with the special obligations entered into in this agreement.

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41. VERDROSS & SIMMA, *supra* note 36, at 48 (citing further references).

42. *See* BODENHAUSEN, *supra* note 15, at 108.

43. Ballreich, *Ist "Gegenseitigkeit" ein für die Pariser Verbandsübereinkunft maBgebliches Völkerrechtsprinzip?* 1983 GRUR INT'L 473.

44. Simma, *Reciprocity* in 7 ENCYC. INT'L L. 400 (Bernhardt ed. 1984).

IV. ENFORCEMENT OF TREATY OBLIGATIONS UNDER THE PARIS CONVENTION

The assertion that formal or abstract reciprocity underlies the Paris Convention and its principle of national treatment leads to the question of how the Paris Convention ensures that its member states fulfill these obligations and adhere to the Union. The answer to this question also allows one to take a position with respect to the criticism raised against the Paris Convention that it does not provide an effective dispute settlement procedure.

The Paris Convention establishes certain obligations for member states. They are, for example, bound to grant nationals of other Union countries national treatment[45] and rights of priority;[46] they may not shorten the term of protection for patents by the priority period;[47] and they may neither provide for forfeiture of a patent nor grant compulsory licenses on the ground of failure to work the invention over and above certain limits.[48] To underline the related obligations of the member states article 25 of the Paris Convention states that all countries of the Union undertake to adopt the measures necessary to ensure the application of the Convention. This article is also understood to mean that at the time of ratification or accession each country will be in a position to give effect to the provisions of the Paris Convention.

These provisions of article 25 were introduced into the Paris Convention at the Lisbon Revision Conference in 1958 precisely with the aim of securing the effective enforcement of the rights established in the Paris Convention.[49] At the Stockholm Revision Conference in 1967, the member states implemented this rule by adding a jurisdictional clause to the Convention.[50] Under this provision, the International Court of Justice (ICJ) is competent to decide "any dispute between two or more countries of the Union concerning the interpretation or application of this Convention. . . ."[51] It is also provided, however, that member states may declare

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45. Paris Convention, *supra* note 1, art. 2.

46. *Id.* art. 4A(1).

47. *Id.* art. 4bis para. 5

48. *Id.* art. 5A(3); *see* BODENHAUSEN, *supra* note 15, at 13.

49. ACTES DE LA CONFÉRENCE DE LISBONNNE, 292 (1963). Kühnemann, *Die Lissaboner Konferenz: Bericht von Mitgliedern der deutschen Delegation, Part F. Allegemeine Fragen (General Questions)* 1959 GRUR INT. 58, 104.

50. RECORDS OF THE INTELLECTUAL PROPERTY CONFERENCE OF STOCKHOLM (1967), Vol. I, (1971), 756; Krieger & Rogge, *Die Stockholmer Konferenz für geistiges Eigentum 1967 Die neue Verwatunasstraktur der Pariser und Berner Union der neueu Weltorganisation für geistiges Eigentum*, 1967 GRUR INT. 462.

51. Paris Convention, *supra* note 1, art. 28.

that they do not wish to be bound by this arbitration clause. Presently, there are seventy-two states bound by article 28 of the Paris Convention, while twenty-six states have preferred not to submit to ICJ jurisdiction.[52]

In order to appreciate the content and meaning of this enforcement mechanism of the Paris Convention, it may be useful to recall briefly the general rules and principles accepted under international law with respect to the enforcement of treaty obligations. It is recognized in international law that the non-fulfillment of a treaty obligation, the so-called breach of a treaty by a state, constitutes, even in the form of mere partial non-fulfillment, an "international wrongful act" or, in the narrower term, an "international delict."[53] It is undisputed that such a breach of treaty obligation may not only be committed by the executive organ of a state,[54] but also by other organs of the state, such as national courts. Therefore, a member state of the Paris Union may commit a breach of its treaty obligation under the Paris Convention, for instance, when a national court fails to apply a self-executing provision of the Paris Convention.[55]

Customary international law permits states to retaliate against international wrongful acts, in particular, by way of *reprisal*, namely by taking a measure of coercion which would otherwise be considered itself as a violation of international law.[56] Modern doctrine distinguishes reprisal from simple *retorsion*. Both are means of self-help that a state may use against international wrongful acts, but while reprisals respond to a violation of international law by an act which otherwise would be illegal, retorsions are simply unfriendly acts; they do not affect the rights of the states against which they are directed.[57] Therefore, as a rule. retorsion

52. INTERNATIONAL BUREAU OF WIPO, EXISTENCE, SCOPE AND FORM OF GENERALLY INTERNATIONALLY ACCEPTED AND APPLIED STANDARDS/NORMS FOR THE PROTECTION OF INTELLECTUAL PROPERTY 9, GATT Doc. MTN. GNG/NG11/W/24/Add. 1.

53. Wolfrum, *International Wrongful Acts*, *reprinted in* 10 ENCYCL. PUBLIC INT'L L. 271, 271-73 (Bernhardt ed. 1987). Art. 3 ILC Draft Articles on State Responsibility defines the term "international wrongful act" "as any act or omission attributable to States or other subjects of international law which constitutes a breach of an international obligation." *Id.* at 272.

54. For example, the government agency of a member state that fails to prepare the measures necessary to ensure the application of the Paris Convention under municipal law.

55. VERDROSS & SIMMA, *supra* note 36, at 857.

56. Partsch, *Reprisals*, *reprinted in* 9 ENCYCL. PUBLIC INT'L L. 330 (Bernhardt ed. 1986).

57. *Id.* at 334.

answers one unfriendly act of a state with another. Typical examples of retorsions are restrictions of the free movements of diplomats permitted under the Vienna Convention on Diplomatic Relations and economic sanctions which are not prohibited by special treaty obligation. Related examples are the United States measures against the Polish Government taken at the end of 1981.[58]

Reprisals are traditionally understood as "retorts to a previous act which the actor can reasonably consider to be a violation of international law."[59] Their purpose is—and must be—"to coerce the addressee to change its policy and to bring it into line with the requirements of international law.[60] Recent examples of such reprisals are the sanctions directed against Iran after the taking of the hostages in the United States embassy in Teheran in November 1979. The fact that such reprisals were also taken at the time by the member states of the European Community shows that international delicts may also entitle states not directly affected to resort to reprisals.[61]

International law provides some further limits with respect to reprisals. It is required that, a reprisal not be manifestly disproportionate although it need not be of the same kind as the illegal act it intends to redress, and a measure of reprisal should also be taken in due course.[62] Third, the United Nations Charter prohibits reprisals by force or by unpeaceful means.[63] Finally, before reprisals are taken, any available dispute settlement procedure must be used.[64]

In applying these principles to the Paris Convention and the obligations it establishes for its member states, the following conclusions may be drawn: (1) if a country bound by the Paris Convention fails to carry out its treaty obligations, it commits an international wrongful act; (2) the state affected by such delict may, as a matter of principle, take appropriate counter-measures; and (3) the affected state may resort to retorsion and limit its sanctions to merely unfriendly acts, or it may even resort to reprisals and retort against the breach of the Paris Convention

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58. *See* Leich, *Contemporary Practice of the United States Relating to International Law*, 76 AM. J. INT'L L. 379, 379-82 (1982).

59. Partsch, *supra* note 56, at 331.

60. *Id.*

61. Forwein, *Verpflichtungen erga omnes im Völkerrecht und ihre Durchsetzung*, FESTSCHRIFT FÜR HERMANN MOSLER, 241, 250 (1983); VERDROSS & SIMMA, *supra* note 36, at 907.

62. Partsch, *supra* note 56, at 332.

63. U.N. CHARTER, art. 33; *see also Conference on Security and Co-operation in Europe: Final Act*, 14 I.L.M. 1292, 1294 (1975).

64. Partsch, *supra* note 56, at 331.

obligations with acts which would otherwise be illegal.

The principle of national treatment, and its prohibition against reciprocity, does not stand against this position. In the present context, this principle rather qualifies the content and meaning of the treaty obligations under the Paris Convention. Indeed, national treatment implies a certain discretion for a member state to decide how best to formulate its national policy vis-à-vis intellectual property rights. As long as the member states use this discretion, they do not infringe treaty obligations and, consequently, reprisals may not be taken. If, for example, a member state considers it to be in its national interest not to protect certain inventions at all, or to protect inventions only by the grant of patents with a rather short term, this country will, as a rule, remain within the limits of its discretion and will not infringe its obligation under the Paris Convention.[65] If, however, a member state disregards its obligation to grant national treatment in relation to the protection of industrial property by requiring reciprocity, as this was proposed in the British Copyright Act,[66] a breach of treaty obligation is manifest and reprisals would be, in principle, legitimate under international law. Of course, member states bound by article 28 of the Paris Convention are under a treaty obligation to settle any dispute concerning the interpretation or application of the Paris Convention by resorting first to the ICJ.

Reprisals against a violation of a treaty obligation under the Paris Convention may also include not granting the privileges of the Convention to nationals of the breaching state. It is also admitted that state reprisals may be directed against the private property of nationals of the state against which the measure of refusal is directed.[67] It is further undisputed that international law allows, in principle, the suspension of the operation of a treaty as a consequence of its breach; such suspension may also be practiced by other states not directly affected by the breach.[68]

A member state of the Paris Union might, therefore, decide not to grant the benefits of the Paris Convention to a national of a country who it can reasonably consider to be in breach of his obligations under the Paris Convention. The member states of the Union may also decide to

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65. Nevertheless, President Reagan ordered trade sanctions against Brazil in retaliation for Brazil's refusal to protect pharmaceutical and chemical inventions. *See* Washington Post, July 23, 1988, at A13.

66. *See supra* note 34 and accompanying text. The new British Copyright Act allows the crown to take measures that will bring the Act in conformity with the United Kingdom's commitments under the Paris Convention.

67. L. MCNAIR, THE LAW OF TREATIES 573 (1961); Seidl-Hohenveldern, *Reprisals and the Taking of Private Property* 470 NTIR (1962).

68. Vienna Convention, *supra* note 19, art. 60.

take common reprisal action and decide to suspend altogether the effects of the Convention in relation to nationals of the state that they wish to bring in line with its duties under the Convention.[69] The fact that many of the benefits of the Paris Convention are contained in self-executive provisions does not necessarily exclude such a measure. Writers on international law in Germany, for example, hold that the suspension or termination of a treaty by the executive also suspends or terminates its applicability under national law, notwithstanding the fact that the application of the treaty as national law had been originally decided by an act of the parliament.[70]

In conclusion, the opinion which holds that the Paris Convention is lacking any enforcement measure is obviously not well-founded in law. There is a possibility, at least in principle, for the member states of the Paris Union to apply the traditional enforcement system of reprisal and retorsion, although reprisal may be resorted to among a number of member states only after the dispute settlement procedure of article 28 has been exhausted.

In practice, however, the fact remains that the member states of the Paris Union do not use this traditional enforcement procedure. We know of no example of a measure of reprisal having been applied during the hundred years the Paris Convention has been in force. So far, state practice corresponds to the general attitude of states which have, in modern times, become reluctant to use the "archaic mechanism" of international dispute settlement.[71] It is, therefore, understandable, that the United States proposal for GATT negotiations on intellectual property measures aims at drawing on the special GATT experience for dispute settlement which, according to a recent study of a counselor in the Office of Legal Affairs in the GATT Secretariat, seems to have been successful for settling trade disputes between states.[72] From the point of view of international law, the principles of the Paris Convention would not, in my opinion, exclude the application of such a dispute settlement procedure in a special arrangement on intellectual property rights.

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69. According to the principle expressed in article 60 of the Vienna Convention on the Law of the Treaties, the same rule would apply to the Berne Convention. *Id.*

70. Tomuschat, *Repressalie und Retorsion.* ZEITSCHRIFT FÜR AUSLÄNDISCHES, ÖFFENTLICHES RCHT UND VÖLKERRECHT [ZaöRV] 195 (1979) (citing further references).

71. Partsch, *supra* note 56, at 336.

72. Petersmann, *Strengthening GATT Procedures for Settling Trade Disputes*, 11 WORLD ECONOMY 55 (1988).

V. Conclusion

Reviewing the proposals for a GATT Arrangement on intellectual property matters from the standpoint of the Paris Convention, we thus may conclude that there are, from a purely legal perspective, no objections to this project. The member states of the Paris Union may lawfully decide to improve the international protection of intellectual property within the framework of GATT. The present proposals do not seem to collide with principles of the Paris Convention, and one might even consider the proposed dispute settlement procedure as being more effective than the old system allowed under the Paris Convention.

Nevertheless, as a matter of *legal policy* it may seem useful to recall that the states need not do everything permitted under international law and the question should be carefully examined whether it will, in the present case, be an advisable policy to follow the United States proposal and to establish a new international system of intellectual property protection within the framework of GATT. As a longtime student of the Paris Convention and its application in practice—and also as a member of an institute whose object is the study of the international law of intellectual property—I would like to emphasize that the traditional system of the Paris Convention has worked well during the past hundred years. It has survived two world wars and has proved to be capable of coping with new developments in science and technology. It has shown itself to be dynamic and flexible enough to satisfy special needs for the improvement of protection which may only exist among a certain group of member states. The conclusion and effective working of the European Patent Convention is proof enough in this respect.

It would, on the other hand, obviously weaken the role of the Paris Union, and that of WIPO, if competing competence were to be conferred on another international institution such as GATT. For all of these reasons, I would hope that the member states of the Paris Union would take the United States proposal for a GATT Arrangement on intellectual property rather as a spur to reconsider their position and policy within the Paris Union. Attempts should be made to effectively improve the international protection of industrial property as this is foreseen in article 18 of the Paris Convention.

Since at the present time it seems difficult or even impossible for all member states of the Paris Union to agree on such improvements, particular consideration should be given to the preparation and adoption of special agreements within the meaning of article 19 of the Paris Convention. It may well be that in the foreseeable future any progress in the international protection of intellectual property may only be achieved within such special agreements. Indeed, whereas amendments to the

Paris Convention may only be introduced by unanimous decision of the member states,[73] the adoption of special agreements requires only the consensus of a limited number of states. Those member states of the Union that do not wish to adhere to a proposed special agreement are excluded under the principle of *pacta sunt servanda* and, more precisely, by the duty to fulfill their treaty obligations in good faith,[74] from opposing and hindering the adoption of such a special agreement.

73. *See* Ballreich & Kunz-Hallstein, *Revision of the Paris Convention: The Principle of Unanimity*, 9 IIC 21 (1978).

74. Vienna Convention, *supra* note 19, art. 26.