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Negotiating Group on Trade-Related Aspects
of Intellectual Property Rights, including
Trade in Counterfeit Goods

MEETING OF NEGOTIATING GROUP OF 11, 12 AND 14 DECEMBER 1989

Chairman: Ambassador Lars E.R. Anell (Sweden)

Note by the Secretariat

1. The Group adopted the agenda proposed in GATT/AIR/2887. The Group initiated its work with a consideration of those agenda items on which it had not had a "first reading" - items I(D), I(E), I(F) and III. It then took up the remaining items, focussing on the new proposals tabled.

2. The Group had before it eleven new proposals from delegations: papers from the European Communities, Austria and Brazil relevant to several agenda items (documents W/49, W/55, and W/57); a paper from Bangladesh, on behalf of the least-developed countries (W/50); a paper from Hungary on transitional arrangements (W/56); papers from Hong Kong, Japan and Switzerland on substantive standards (W/51, W/17/Add.3, and W/38/Add.1); and papers from Australia, Hong Kong and the Nordic Countries on enforcement (W/53, W/54 and W/58). In addition the statement made at the meeting by the representative of Norway on behalf of the Nordic countries on dispute settlement and prevention was circulated as a working paper of the Group (W/59). The Group also had before it, in document W/52, the paper that the secretariat had put together in response to the request to prepare data on the maintenance of patents through repayment of maintenance fees.

I.(D) The provision of effective and expeditious procedures for the multilateral prevention and settlement of disputes between governments, including the applicability of GATT procedures

3. Introducing the section on dispute settlement in the new paper presented by the European Communities (W/49, Section B.d)), the representative of the European Communities said that, at least for the time being, his delegation did not see any need to apply different procedures to disputes arising from obligations under a TRIPS agreement to those applicable to disputes arising under the General Agreement. This view was subject to review, in the light of the definitive form of the improvements to the GATT dispute settlement system that would be provided for in the results of the Uruguay Round. He also stressed the Community's view that all parties to an agreement on TRIPS should explicitly commit themselves to refrain from taking unilateral action in connection with disputes on

matters covered by a TRIPS agreement and to abide by the dispute settlement procedures contained or referred

to in that agreement. In his view, the achievement of this objective would be dependant on the establishment of an effective dispute settlement mechanism, as was indeed called for by the TNC decision of April 1989. It was therefore necessary to provide for the possibility of meaningful sanctions in cases where other measures had proved insufficient to solve a dispute. The Community proposal therefore suggested that, in conformity with Article XXIII of the General Agreement, such sanctions could include the possible suspension by a contracting party of the application of any concession or other obligation under the GATT, as determined to be appropriate by the Contracting Parties.

4. Introducing the section of his country's proposal on dispute settlement (W/55, paragraph 12), the representative of Austria said that his delegation believed that in order to promote as uniform a dispute settlement system as possible within the GATT, the GATT dispute settlement mechanism as amended by the results of the Uruguay Round negotiations should also be used for disputes arising from commitments under a TRIPS instrument. He also emphasised that any suspension of concessions should be subject to multilateral authorisation and should only be used as a last resort. His delegation's proposal advocated that, where appropriate, persons with specialised knowledge of IPR matters should serve on panels and further that panels should take advantage of the knowledge available in other international organisations dealing with intellectual property matters. He believed that this would safeguard against the development of international intellectual property law along divergent tracks.

5. Speakers generally emphasised the importance they attached to the provision of effective and expeditious procedures for the multilateral settlement of disputes arising out of commitments negotiated in the TRIPS area and to ensuring that such disputes were resolved through multilateral procedures.

6. Some speakers expressed the view that it would not be appropriate to design a new dispute settlement mechanism to deal with disputes in the TRIPS area; the mechanism adopted should be modelled as closely as possible on that contained in Articles XXII and XXIII of the General Agreement, taking into account the various decisions of the CONTRACTING PARTIES relating to these procedures and the outcome of the Uruguay Round negotiations on them. A participant expressed the view that the dispute settlement system for IPRs should be independent of the GATT and said that his delegation could not subscribe to any presumption that the GATT mechanism should apply, especially in regard to the suspension of concessions in the area of goods. In his view, the provisions of Article 14 of the Treaty on Intellectual Property in Respect of Integrated Circuits constituted an excellent model that deserved careful consideration by the Group. Another participant said that it was important, in discussing this matter, to avoid prejudging the institutional framework for the implementation of the results of the negotiations. Some participants suggested that the Group should take account of the program of work underway in WIPO on dispute settlement and it was proposed that, at an appropriate time, the Group might consider asking the International Bureau of WIPO to make a document available to it on this matter.

7. The view was expressed by some participants that there should be no legal or procedural interlocking between a dispute settlement system on TRIPS and other international agreements dealing with intellectual property matters. Such other agreements would have different memberships and procedures and might not in any event be in a position to give authoritative legal advice. Moreover, it was suggested that it would be inappropriate to instruct independent panels to consult with other organisations, particularly where membership differed from that of a TRIPS agreement. The mechanisms adopted should not result in shared responsibility for dealing with disputes with other organisations; the responsibility must remain with the membership of the TRIPS agreement, which would hopefully consist of all contracting parties. Some participants indicated that for these reasons they had reservations about the suggestion in the Community paper to "institutionalise consultation of WIPO by panels". In response, the representative of the European Communities said that what was covered by this phrase did not go beyond the proposal in the next sentence on consulting WIPO in the context of a dispute settlement proceeding where the interpretation of one of the international conventions administered by WIPO was at issue. Moreover, the Community recognised that for such consultations to become operational there would need to be internal arrangements established in WIPO. Many participants

believed that panels should be able to seek information and advice from WIPO and/or other relevant international organisations, especially in relation to provisions of conventions administered by those organisations. Some of these participants believed that the existing GATT dispute settlement procedures already allowed sufficient possibility for panels to seek information and advice from whatever sources they considered appropriate and that therefore it would not be necessary to make special provisions in this respect in a TRIPS agreement. Some participants said that, if a specific provision were to be made on this matter, consideration would need to be given to which part of those other organisations would be consulted and on what issues; for example, would they be limited to matters of fact. The question was also raised as to whether parties to a dispute should have the right to require that a panel seek advice from an international organisation in the context of a panel proceeding. A further participant, while emphasising the need to avoid prejudging the institutional framework for the implementation of the results of the negotiations on TRIPS, believed that WIPO would have to play a major role in any dispute settlement mechanism in the TRIPS area, especially in regard to the technical aspects of IPRs.

8. A participant said that in his view any dispute relating to an IPR matter should not be brought to the GATT unless WIPO had ruled that an international standard for the protection of intellectual property had not been respected. He recalled in this connection the proposal that he had outlined at the previous meeting of the Negotiating Group (NG11/16, paragraph 9). The GATT dispute settlement mechanism would consider whether the violation of an IPR obligation established by WIPO had adverse trade effects. There would be no presumption of this; the onus of proof would be on the complaining contracting party. He acknowledged that this proposal presupposed the creation of a dispute settlement system in the WIPO framework. Another participant expressed support for this proposal.

9. There was some discussion about the composition of panels that might be formed on TRIPS matters. Some participants considered it important that panelists should have sufficient expertise on IPR matters to deal with the specific disputes under consideration. A participant, expressing his view that the panels should consist of governmental experts versed in the subject, reserved the position of his delegation on the possibility of non-governmental experts serving on panels.

10. In regard to unilateral actions employed in the context of disputes between countries on IPR matters, many participants expressed support for the proposal of the European Communities that parties to an agreement on TRIPS should accept an explicit commitment to refrain from all unilateral measures concerning matters covered by the TRIPS agreement and to abide by the dispute settlement procedures contained or referred to in that agreement. Support was also expressed for the proposal that parties should be required as appropriate to modify their domestic legislation and related procedures in such a manner as to ensure the conformity of the measures taken thereunder with such commitments. In this regard the representative of the European Communities explained that the reference in parentheses to trade in the Community proposal was not intended to limit the scope of the legislation that would be subject to such a commitment, but to emphasise that it should include trade legislation. A participant expressed the view that the question of ensuring the renunciation of the use of unilateral actions should not be limited to the TRIPS context but should be dealt with more generally in the context of the Uruguay Round as a whole. Another participant believed that there was an inconsistency between advocating that a TRIPS agreement be autonomous of the multilateral trading system and at the same time advocating that parties to it should undertake commitments not to employ unilateral trade measures. On the other hand, if a dispute settlement mechanism were to be part of the GATT system, it would not be illogical to bind signatories to use trade sanctions only in accordance with the multilateral mechanisms of that system.

11. The Group discussed the appropriateness of a TRIPS dispute settlement mechanism providing, as a last resort, for sanctions that could take the form of a withdrawal of benefits under the General Agreement. Some participants considered that such a provision was necessary if the dispute settlement procedure were to be perceived as effective and to enable countries to renounce resort to unilateral measures. Some participants said that the provisions relating to withdrawal of concessions should be modelled on the GATT system including Article XXIII; a signatory should only be allowed to take such action against another signatory when it had

been agreed to by all signatories. A participant said that in his view it was difficult to see how provision could be made for possible suspension of GATT benefits if the commitments on TRIPS were not incorporated in the General Agreement. If a legal link were established whereby GATT benefits could be withdrawn as a last resort because of non-compliance with the TRIPS obligations, it would be logical that the link would also work in the opposite direction, namely that TRIPS benefits could be withdrawn because of a failure to respect market access obligations under the GATT. Another participant said that he did not see the rationale for providing for the possible suspension of benefits under the General Agreement in the context of a dispute on TRIPS. In his view, the dispute settlement mechanism could be effective and expeditious without providing for this possibility.

12. The representative of Switzerland drew the attention of the Group to the proposal that his delegation had made on dispute prevention (W/25, section C.3) and stressed the importance that his delegation attached to this matter. A system of dispute prevention should not only provide for the notification of laws and regulations prior to their adoption but also institutionalise a process of consultation regarding such draft laws and regulations, possibly within a body established under the agreement on TRIPS. The modalities for such consultations would need to be defined, for example, what kinds of proposed legislation should be taken up and what would be the respective roles of a collective body and bilateral consultations in such a process. In his view a system of prior notification and consultation would be particularly important in the TRIPS area since it was one of high legal sophistication. Explaining further the background to the Swiss proposal, he said that it drew upon the successful experience within Switzerland which, as in some other federal states, had a system obliging the central government to consult the various cantons within the country prior to the adoption of new legislation. It had to be recognised that at the international level prior consultation did take place to some extent already by way of the channels of diplomacy, but the effectiveness with which trading partners could make their voices heard in such a process depended importantly on their respective resources and influence. He believed that an institutionalised system of prior consultation would be more equitable than the present situation. He stressed that a process of prior consultation would only be a process for the exchange of information; it would in now way oblige governments to accept the comments made by trading partners. His delegation recognised that such a system would not be without its problems, for example it might increase the time taken in adopting new legislation, and said that his delegation was open as to how the objective it had in mind should be achieved.

13. Many delegations expressed their support for the concept of dispute prevention, which they saw as an essential purpose of an agreement on TRIPS; reference was made in particular to the transparency provisions that such an agreement might contain. However some of these delegations doubted that a system obliging participating countries to consult in advance on national legislation would be feasible or acceptable. Some also had doubts about the appropriateness of a mandatory prior notification of draft legislation. The representative of Austria said that paragraph 11 of his country's proposal stated that any such obligation should be "within the limits of national constitutions" and felt that such a qualification might meet many of the concerns expressed. A participant said that the Group could give thought to setting up a body within the agreement to serve a transparency function; members could notify relevant measures and legislation to this body which, by serving as a forum for consultation amongst signatories, could also perform a useful dispute prevention role.

14. Responding to a request for information on WIPO activities in the area of dispute settlement, the representative of WIPO referred to the statement that he had made at the previous meeting of the Negotiating Group (NG11/16, paragraph 73) and said that the International Bureau of WIPO was presently in the process of putting the final touches to the preparatory document that it was preparing for the Committee of Experts on the Settlement of Intellectual Property Disputes between States, which would hold its first session on 19-23 February 1990. Given the large number of fundamental issues to be dealt with, the International Bureau had chosen the approach of drafting a document that would put some 25-30 key questions, rather than attempting to put forward a draft treaty. The purpose would be to enable the International Bureau to draft subsequently a treaty on the basis of the responses provided to these questions. Giving examples of the types of questions that would be put in the preparatory document, he said that some referred to the scope of application of a treaty on the settlement of intellectual property disputes; what sorts of legal obligations could be at the origin of disputes

subject to such a dispute settlement procedure, for example would it cover obligations under bilateral as well as multilateral treaties, under not only WIPO treaties but also other treaties in the intellectual property area. Another set of questions related to the procedures and means that should be provided for the settlement of disputes - the provisions on consultation, good offices, panels, commissions, etc. Further questions addressed what type of body should consider any report that might emanate from the dispute settlement process. There were also questions concerning the relationship between the treaty and other existing or future means of settling disputes in the intellectual property area.

I.(E) Transitional arrangements aiming at the fullest participation in the results of the negotiations

15. The representative of the European Communities, introducing Sections E and F of the proposal of his delegation (W/49), said that the Community's objective was to seek adherence of the largest possible number of - hopefully all - participants to an agreement on TRIPS. Therefore, having taken into consideration the different levels of development participants had attained and the varying degrees of infrastructural or institutional difficulties these participants would have to overcome, his delegation proposed to include in such an agreement reasonable but finite transition periods. In addition, he said his delegation was ready to take into special consideration the problems of the least-developed countries.

16. Introducing the proposal of his delegation (W/55), the representative of Austria referred to sub-paragraph 13.3, in which limited transitional periods were proposed; this sub-paragraph had to be read in the context of the whole of paragraph 13, which related to developing countries only. His delegation had not defined a concrete transition period, which was in their view a task for the Negotiating Group. Further, a reporting and review mechanism to monitor the implementation of a TRIPS agreement should be established in order to ensure the temporary character of transitional periods.

17. The representative of Hungary, introducing his delegation's proposal (W/56), said it aimed to provide sufficient flexibility, in the form of reasonable but finite transitional periods, to enable his delegation's objective of securing a wide participation in a multilateral GATT agreement to be met. It could be seen as a proposal for carrying out the Community's suggestions on this matter.

18. A participant said that all signatories to a TRIPS agreement should undertake the same level of obligations on standards and enforcement. The relevant provisions in this regard should constitute an international "rule of law" in the same way as perhaps provisions on national treatment and mfn. Establishing differential levels of obligations based on, among other things, levels of economic development would only serve to perpetuate existing trade distortions, instead of addressing them by providing strong protection that was consistent in scope and application among trading partners. His delegation recognized, however, that practical considerations such as enacting laws, promulgating regulations and staffing national patent offices, might necessitate establishing limited transition periods for certain developed countries. It was also recognized that some developing countries' regimes might require longer transition periods than others. All transition periods should be of a specified duration, as was suggested in the proposal of the European Communities, and should be agreed before the conclusion of the negotiations.

19. Giving his delegation's preliminary remarks, a participant made a distinction between three categories of provisions in a future multilateral framework for TRIPS. The first, comprising what could be described as "rule-of-law" commitments such as the principles of mfn, national treatment and transparency and provisions on effective enforcement, could be implemented either immediately or after a short transitional period, depending on the contents of the multilateral framework. The second category consisted of certain other obligations which could be implemented after a reasonable transitional period required to make the necessary legislative changes. In respect of the third category relating notably to substantive standards and principles, his delegation would have serious difficulties in accepting uniform obligations applicable to both industrialised and developing countries and that time-limited transitional arrangements alone would be sufficient to enable developing

countries to accept those obligations. Different substantive standards and principles for developing countries, reflecting their legitimate, developmental, technological and public interest needs, would need to be provided.

20. Referring to paragraph 3 of the April TNC decision a participant said that consideration of any transitional arrangements should be deferred until later when discussions in the Group had become sufficiently clear. There appeared to be a tendency to confine the development issue to transitional arrangements, which in his delegation's view was too narrow. Another participant agreed, stating that special provision for developing countries should have a permanent character, for example in respect of the patentability of pharmaceutical products, in order to encourage wide adherence and to make the agreement a truly multilateral one.

21. A participant said that his delegation considered transitional periods necessary for reasons of practicality, notably to give participants time to adjust economically to changes in the IPR regime, to change their legislation and above all to allow countries to achieve practical objectives such as establishing or refining an IPR registration system. Studies done by his delegation had indicated that a long lead-time was required to establish effective IPR systems. Hence reasonably generous transition periods would seem indispensable to achievement of the widest possible adherence to an agreement. With regard to the Hungarian proposal (W/56), he considered that the length of a transition period should be decided later in the light of the outcome of developments in the negotiations, but welcomed the concept of national transition schedules.

I.(F) Other matters

22. Introducing document W/50, the representative of Bangladesh recalled the political commitments undertaken in the GATT, reflected in the Enabling Clause, the 1982 Ministerial Declaration and the Punta del Este Declaration, to grant special treatment to the least developed countries in the light of their disadvantaged situation. It was in this context that Bangladesh, on behalf of the least developed countries, had submitted proposals to the different Negotiating Groups. The least developed countries would be willing to abide by any agreement reached in this Group as long as their particular needs and situation were considered. He stressed that the least developed countries wished to see special treatment accorded in all aspects of TRIPS including substantive standards, enforcement and dispute settlement, and the provision of technical assistance in the preparation of domestic legislation in the TRIPS area. A participant said in reply that he could not share the philosophy underlying the submission that protection of intellectual property was a burden and drew attention to the view expressed by others that effective intellectual property protection promoted development. In his view, the arrangements on transition periods and technical assistance should be the means of accommodating the problems of the least developed countries, rather than the provision of differential substantive commitments.

23. In discussion of this agenda item the representative of the European Communities introduced sections D, E and F of his delegation's submission (W/49) and the representative of Austria introduced section 13 of the submission of his delegation (W/55). The comment was made that the concerns of developing countries could not be met merely by providing transition periods and technical assistance. A participant said that it was not appropriate to draw a distinction between developing countries and the least developed countries.

24. In order to provide a basis for consideration of the issue of technical assistance, a participant suggested that information be provided to the Group on the extent and scope of technical assistance provided by relevant international organisations by inviting such organisations to provide information on their programmes in the area. It was so agreed.

III. Consideration of the relationship between the negotiations in this area and initiatives in other fora

25. Introducing Section C of document W/49, the representative of the European Communities said that the Group would have to consider how best to establish a fruitful relationship between relevant international organisations. In his delegation's view WIPO should continue to be the principal rule-making body with respect

to intellectual property rights. GATT, however, had to play an important role as well, since the existence and enforcement of IPRs had important trade implications. Therefore, both organisations should enter into a constructive dialogue and into some sort of cooperative arrangement, the more so as most contracting parties of GATT were also members of conventions administered by or concluded under the auspices of WIPO. He said that it was too early yet to outline the type of cooperation and the objective of the dialogue, but it should ensure that the protection of IPRs was of a kind that trade problems would be avoided in future. In addition to the points made in the submission, he said that a basic structural question to be addressed by the Group should be the relationship between the Conventions administered by WIPO and a TRIPS agreement. In this respect he reiterated his delegation's position that signatories of a TRIPS agreement should at the same time adhere to and respect at least the Paris and Berne Conventions.

26. The representative of Austria, introducing paragraph 14 of document W/55, emphasised that wide adherence to the existing international conventions on IPRs would be helpful in clarifying international standards. He supported the view expressed by the European Communities that signatories of a TRIPS agreement should at least adhere to the Paris and Berne Conventions. With regard to conflicts arising from differing membership to different international instruments, the Vienna Convention on the Law of Treaties could be helpful.

I.(A) The applicability of the basic principles of the GATT and of relevant international intellectual property agreements or conventions

27. Introducing Section B of the Community proposal (W/49) dealing with basic principles, the representative of the European Communities said that two key elements underlying the proposals should be kept in mind: first, they did not in any way erode the national treatment and mfn disciplines provided for in the General Agreement and in intellectual property agreements but only served to add to those disciplines; secondly, the proposals had to be seen against the background of the Community view that an agreement on TRIPS should be implemented in the GATT framework and that the GATT principles would therefore apply. Thus, in relation to national treatment, the effect of the Community proposal would be to clarify the national treatment concept as it exists in certain intellectual property conventions by making clear that it also applies to procedures and remedies concerning the enforcement of IPRs. As regards most-favoured-nation treatment, he emphasised that there was nothing in the Community proposal that would derogate from the GATT mfn principle. The question that was addressed in the Community proposal was whether an mfn principle applicable to right holders, which did not exist in the intellectual property conventions, should be added to existing international disciplines. While in most cases the national treatment principle would prevent discrimination between foreigners of different origins, there were nonetheless cases where the national treatment principle would not be sufficient for this purpose, notably where a country decided to grant more favourable treatment to some foreigners than to its own nationals. The Community proposal attempted to narrow this gap in existing international disciplines. However, the Community did not consider it desirable that signatories to a TRIPS agreement should be obliged to extend on an unqualified basis to all signatories to a TRIPS agreement the benefits provided under bilateral or plurilateral agreements, for example those relating to matters of civil or criminal procedure. In this regard he said that it had to be borne in mind that questions of civil or criminal procedure went far beyond the area of intellectual property rights. The Community therefore suggested adding to existing international disciplines in the area of intellectual property rights an obligation not to protect or enforce IPRs in a manner which could constitute a means of arbitrary or unjustifiable discrimination between nationals of other signatories. The terminology was taken from Article XX of the General Agreement. He also described the Community's suggestions on transparency contained in section B.c) of the Community paper.

28. Introducing paragraph 10 of his country's proposal (W/55), the representative of Austria said that a GATT instrument should clarify the applicability of the GATT national treatment concept relating to goods, and that in intellectual property conventions relating to persons, by requiring that the protection of IPRs should not be less favourable than that granted to nationals or domestically-produced goods. An mfn commitment should

be seen as supplementary to the basic national treatment rule. The paper also made an allusion to the free rider problem but stopped short of proposing a conditional national treatment or mfn principle.

29. Introducing his country's proposal (W/57), the representative of Brazil said that it should be taken as a development of Brazil's previous proposal contained in document W/30 and should be read in that perspective. It aimed to build on areas where the Negotiating Group's mandate provided for work that would be additional to that undertaken elsewhere, notably by focusing on the trade and developmental aspects of IPR protection. This should be distinguished from the more legal discussion that was properly undertaken in other fora. The introduction attempted to elaborate on the linkage between trade and IPRs, making clear the distinction between the two matters, the former involving the exchange of goods and the latter involving rights of persons. But it also attempted to find common ground where both trade and IPR matters applied. The paper should not be seen as a maximalist one but rather as an effort to find common ground and a basis for negotiation. He also said that the paper had been prepared in the light of paragraph 3 of the April TNC decision. As regards the treatment of basic principles in the paper, he said that pages 1-3 of the proposal, especially paragraph 11, picked up the principles that had been proposed in document W/30 and that should in the Brazilian view guide the work of the Group. Paragraphs 13-16 dealt with the applicability of the basic principles of GATT and of international intellectual property agreements or conventions. In considering which of these two sets of principles should apply it was important to make a distinction between the trade and legal aspects; for example freedom to establish the level of protection of intellectual property was an important principle applicable to legal aspects. In many of the specific suggestions contained in paragraph 17 and onwards of the Brazilian paper operational expression was given to basic principles: paragraphs 20(iv) and 26 did this in respect of transparency; examples of the application of the principle the balance of rights and obligations could be found in paragraphs 29 and 46; and examples of the application of the principle of freedom on scope and level of protection were contained in paragraphs 21 and 50. Many parts of the paper also attempted to take into account national developmental and technological objectives. In this connection he emphasised the need for an agreement to take into account these objectives so that it would be possible for developing countries to participate; in his view a maximum result with limited participation would not be acceptable and would serve little purpose.

30. Introducing the part of his country's proposal dealing with basic GATT principles (W/53, paragraph 4), the representative of Australia said that his delegation considered that essentially the same formulation should apply to the areas of standards and enforcement. While the national treatment principle would in most cases prevent discrimination between foreigners or imported goods from different countries, this would not cover the situation where regulations or procedures only affected imported goods or where some foreign IPR holders were given more favourable treatment than national IPR holders. There was a need for a non-discrimination provision to ensure that there was no discrimination between foreign IPR holders. The question of any exceptions that might be provided to such a non-discrimination/mfn principle would depend on the scope of the agreement on TRIPS. His delegation considered that any such exceptions should as a general principle only involve bilateral or plurilateral agreements relating to standards and enforcement of intellectual property rights. Consideration would have to be given to the possible implications of an mfn principle for other agreements, such as those concerning the mutual recognition of marks, but he believed that these matters would probably fall outside the scope of a TRIPS/mfn principle and in any event did not involve distortions or impediments to international trade. The types of bilateral agreement referred to by the European Communities in the enforcement area raised more complicated issues which would need further study.

31. A participant recalled the proposal that he had made that a new provision should be added to the General Agreement referring to standards internationally adopted elsewhere, which would provide the basis for a dispute settlement action where breaches of those standards gave rise to distortions or impediments to legitimate trade. A consequence of this approach was that all existing general GATT principles would automatically apply, including the mfn, national treatment, transparency, safeguard and special and differential treatment principles.

32. In the discussion on national treatment, some participants supported the applicability of the GATT and intellectual property convention national treatment concepts to the TRIPS area. One participant supported the

view expressed in paragraph 11(a) of the Brazilian paper that as far as IPRs themselves were concerned only those principles contained in international conventions dealing with intellectual property should apply. Another participant reaffirmed his doubts about the applicability of the GATT national treatment concept, since it applied to goods and IPRs applied to persons. A further participant said that her delegation would express no final view on the applicability of the GATT national treatment concept to persons, since GATT law in this area was still evolving. As regards the scope of the application of national treatment concepts, some participants said that the scope and availability, use, acquisition and maintenance, and enforcement of IPRs should be covered. However, some participants believed that there were reasons for not applying the national treatment concept to the use of IPRs: in order to protect the balance-of-payments situation or the national culture, or for wider economic policy considerations, it might be necessary to put controls on the use of foreign IPRs which did not apply to domestic ones. This was because, for the reasons given, the use of foreign IPRs could not be considered to take place in a "like" situation to the use of domestically-owned IPRs. In response, the representative of the European Communities said that he could not see how a distinction could be made between the availability and scope of IPRs on the one hand and the use of IPRs on the other; the use was one aspect of the availablility and scope of protection. Some participants considered that national treatment commitments should prevent discrimination not only between foreign and domestic goods and persons but also between foreign and domestic services. In response to a question on this matter, the representative of the European Communities said that his delegation had no a priori objection to the coverage of services, especially as a number of the Community's proposals on standards related to services. The question was raised as to whether the national treatment concepts as found in intellectual property conventions should be incorporated in a TRIPS agreement by reference or whether it should be restated. In this connection, the point was made that the national treatment concept found in different intellectual property conventions differed somewhat, especially in terms of providing for differing ranges of exceptions. Some participants said that it may be necessary to take into account these exceptions in a TRIPS instrument. A participant said that the TRIPS agreement should specify that the national treatment provision should apply to goods, services and persons and should cover both substantive standards and enforcement matters. It was also suggested that national treatment provisions should be strict ones, outlawing de facto as well as de jure discrimination.

33. In the discussion on the applicability of mfn/non-discrimination principles, some participants said that as a general rule any country extending benefits to the nationals of another country should be obliged to extend those benefits to the nationals of all other signatory countries, even if the benefits involved treatment more favourable than that given to nationals of the country in question. One participant considered that the solution to this matter lay rather in eliminating the more favourable than national treatment accorded to some foreigners, and another participant considered that the question deserved further study. Some participants considered that mfn treatment should be extended unconditionally to all participants without exception. Some others agreed with the approach of the European Communities that there might be need for exceptions where benefits stemmed from bilateral or plurilateral agreements. In this connection, reference was made in particular to bilateral agreements on judicial assistance or more generally in the enforcement area; to bilateral agreements on appellations of origin, in respect of which it was suggested that a qualified mfn provision might be envisaged, by which participants in a TRIPS instrument would have the right to adhere to such agreements or obtain similar agreements; to existing bilateral agreements more generally, which might be grandfathered; and to regional agreements concluded to promote trade. One participant said that he had reservations about any exceptions relating to agreements in the enforcement area and could not see the justification for an exception relating to regional trade arrangements since they were aimed at eliminating restrictive measures of commerce and not at dealing with internal legislation such as in the field of IPRs. Another participant emphasized that there should be no exceptions in the area of the acquisition and maintenance of IPRs. Different suggestions were made about the approaches that could be envisaged for providing for any such exceptions. Some thought that the approach advocated by the European Communities of preventing "arbitrary or unjustifiable discrimination" was insufficiently precise. In this connection, the representative of the European Communities said that this delegation was willing to consider more precise formulations provided that they served the purpose intended. Another approach suggested was that the Group should compile and specify an exhaustive list of permissible exceptions. A further approach mentioned was that of a form of qualified mfn, by which mfn

treatment would be accorded provided that specified conditions were met, an approach that was being considered in the negotiations on services. A participant argued that qualifications to mfn treatment should only be made on development grounds. The question was also raised as to the treatment of GATT contracting parties that were not participants in a TRIPS agreement. One participant said that the extension of unconditional mfn treatment to such countries should be examined further in the light of the mfn provision of the General Agreement. Another participant said that it was premature to envisage a TRIPS agreement to which not all contracting parties would be party.

34. In regard to the principle of transparency, speakers emphasised the importance they attached to this matter and expressed broad sympathy with the suggestions on publication and notification in Section B.c)(i) and (ii) of the Community Paper. However, some of these delegations raised a number of questions concerning the scope and practicality of the specific proposals made. In regard to the publication of judicial decisions of general application, some participants doubted that it was the general practice in many countries to publish all such decisions. One participant said that in his country only Supreme Court decisions were published and another participant said that judicial decisions were available but not necessarily published. Questions were also raised as to how a judicial decision of general application could be distinguished from other judicial decisions and whether judicial decisions that might still be subject to review by a higher instance would be covered. Some participants were concerned about the burden that an obligation to publish all judicial decisions of general application would place on countries, especially developing countries. It was also queried as to whether it would be reasonable to require that there should be "prompt" publication of laws, regulations, judicial decisions and administrative rulings of general application, since this also might impose a considerable burden, especially in developing countries where there was often a major backlog in official printing work. Some participants also wondered what precisely was meant by "administrative rulings of general application" and one suggested that "administrative guidelines" might be a preferable term. The question was raised as to what exactly "publication" meant. In response to these comments, the representative of the European Communities said that the language in this paragraph had been drawn from Article X of the General Agreement. If there was a desire for greater clarity in this language, there would be need to interpret the General Agreement itself. In regard to the proposal contained in sub-section c)(ii) of Section B of the Community proposal, a participant wondered whether in order to avoid undue burdens, the notification obligation might be limited to changes in national laws and regulations. It was also suggested that account should be taken of information available in other international organizations. A participant doubted the appropriateness of establishing a procedure providing access to specific judicial decisions upon request and thought that such a matter would be better left to the channels available through the legal community.

35. Commenting on sub-paragraph (iii) of the Community proposal on transparency, some participants expressed support for the non-obligatory approach to prior consultation with other parties on possible changes to national laws and regulations. Some other participants considered that it would be going too far to talk of "consultations" in this connection, since this might be felt in some way to infringe the sovereignty of national legislatures. In response to a question on why the request procedure would not apply to multilateral as well as bilateral agreements, the representative of the European Communities said that the proposal had been drafted on the presumption that multilateral agreements would normally be public knowledge but he would have no difficulty with referring to them as well in this connection.

I.(B) The provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights

36. Introducing his delegation's proposal (W/51), the representative of Hong Kong said that his delegation felt that it was important at the present stage of the negotiations to formally state its position on the substantive standards for trade-related intellectual property rights; this would assist the Group in identifying areas of common ground. In proposing the standards an attempt had been made to strike a balance between ideal

standards for IPR protection and what could be realistically achieved in the negotiations, given the desire to encourage the widest possible participation in a TRIPS agreement. In some respects, the proposed standards were pitched at a lower level than that provided in Hong Kong's national legislation and in other respects they went further. While the proposal was based wherever possible on existing standards of widely accepted international IPR conventions, his delegation was not suggesting any requirement for participants in a TRIPS agreement to accede to these conventions. Essential GATT principles including, but not necessarily restricted to, national treatment, mfn and transparency should be provided in a future TRIPS agreement. Although it was recognized that negotiations were without prejudice to final decisions regarding institutional arrangements, his delegation felt it appropriate that a TRIPS agreement should be implemented in GATT to underline the inescapable trade dimension of IPR protection. In his view, the TRIPS negotiations should not be viewed as a zero-sum game but as one with benefits for all; Hong Kong's experience had shown that a reasonably secure and effective intellectual property rights régime would create development benefits including the stimulation of local innovation, foreign investment and the transfer of technology.

37. Some participants expressed their support for the last point made by the representative of Hong Kong and welcomed the Hong Kong paper more generally as constituting a balanced proposed. The following records the specific comments, questions and responses to questions regarding the submission.

Copyright: compulsory licences The representative of Hong Kong said that examples of the types of legislation contemplated in the second sentence were anti-trust or competition laws and legislation relating to performing rights tribunals.

Neighbouring rights The representative of Hong Kong explained that the Geneva Convention rather than the Rome Convention was used as a basis for protection because his delegation considered the latter too ambitious in prescribing minimum standards. Furthermore, the Rome Convention could not accommodate the different mechanisms that currently existed in countries for the protection of performers' and broadcasters' rights. His delegation would, however, welcome permissive language in a future TRIPS agreement to allow for the protection of these two categories of rights in accordance with the Rome Convention.

Trademarks: definition The representative of Hong Kong emphasized the importance his delegation attached to the protection of service marks for which there was considerable international demand. Responding to a question, he said that colour per se should not be registered, but in combination with the other features mentioned in the proposal should be acceptable for registration. He confirmed that "personal names" covered company names. He explained that the list of categories for which protection should be denied was not intended to be exhaustive; additions to the list could include, for example, marks incorporating national emblems. Replying to a question, he said that in practice there would be very little difference between marks contrary to morality and those that were scandalous.

Trademarks: use requirements In response to a question, the representative of Hong Kong said that the term "legitimate" should be understood as bona fide, which was well-known to case law.

Industrial designs: subject matter The representative of Hong Kong said that the proposal excluded purely functional features from industrial design protection; that is, a design composed solely of functional features but which was aesthetically pleasing overall should be excluded. If a functional feature was sufficiently inventive, it should be protected by a patent. He made the point that even if a design was excluded from industrial design protection it might still receive limited protection under Article 10bis of the Paris Convention or as a work of applied art under the Berne Convention. However, his delegation would be willing to consider allowing protection for designs composed solely of functional features, provided they were overall novel or original in appearance.

Industrial designs: term of protection Responding to a question, the representative of Hong Kong

explained that a minimum term of ten years had been proposed even though Hong Kong's legislation provided for a term of twenty-five years, because that appeared to be inside the duration provided for in the wide variety of régimes examined by his delegation. In addition, most industrial designs appeared to have a life inside ten years. In response to another question, he said that providing for renewal of protection, either within the ten year period or as an extension of protection beyond it, should be permitted.

Industrial designs: compulsory licences Responding to a comment that the proposal was ambiguous and begged the question of whether there could be circumstances justifying the grant of compulsory licences, the representative of Hong Kong mentioned spare parts as an example of a product that might be subject to compulsory licensing under the proposal. Replying to another question, he said that the proposal was intended to exclude the possibility of compulsory licensing for aesthetic features of a design, that is the features that gave a design 'eye appeal', because these features could easily be the subject of alternative attractive designs. It was therefore difficult to see how clothing designs could ever be the subject of compulsory licensing.

Patents The representative of Hong Hong said that a patent system based on registration rather than on grant might be more appropriate for some developing countries, as it would be substantially easier to implement such a system. It could be largely self-financing because the income generated from registration fees would finance the costs of maintaining the registry.

Patents: term of protection In response to a question, the representative of Hong Kong clarified that the term of twenty years was intended as a fixed term.

Patents: rights conferred Responding to a comment, the representative of Hong Kong clarified that importation of goods made without authorization of the patent owner would be considered an infringing act; however, the importation of goods that had been made with the owner's authorization should not be considered infringing.

Patents: compulsory licences A participant commented that the proposed scope of compulsory licensing was too limited. Responding to questions, the representative of Hong Kong said that there could be circumstances where the lack or insufficiency of exploitation constituted an anti-competitive practice such as, for example, where a patent owner chose not to meet the demand for his product in order to maintain a high price. A participant welcomed the use of the term "fair market value" and the requirement that the review of compulsory licences should be conducted by a distinct higher authority, rather than specifying a judicial body, as this provided greater flexibility to participants.

Petty patents Responding to a question, the representative of Hong Kong explained that the proposal on petty patents was intended to ensure that participants would not be prohibited from providing such protection. It was Hong Kong's hope that the suggestion would be found constructive for developing countries as it intended to encourage local innovation in countries where few local innovations qualified for patent protection. The requisite degree of inventiveness would be lower for petty patents; this would help to bridge the gap between patent and industrial design protection.

Layout designs of integrated circuits Providing further explanations, the representative of Hong Kong said that the Washington Treaty should provide the basis for the protection of integrated circuits in a future agreement. His delegation had addressed in the submission two areas in which it had found the Washington Treaty to be deficient and was open to looking at other perceived inadequacies in the Treaty. A participant agreed that it was not appropriate to discuss the Washington Treaty per se, but favoured the Hong Kong approach of suggesting additional obligations to deal with trade problems that could arise from imprecisions in the Washington Treaty. The Hong Kong proposal on innocent infringement went in the right direction; the term of protection was also somewhat open-ended in the

Washington Treaty; and compulsory licensing might also need to be addressed.

Trade secrets/acts contrary to honest commercial practices Providing further elaboration, the representative of Hong Kong said that the proposal was intended to demonstrate his delegation's support for the inclusion of trade secrets as a trade-related intellectual property right. He clarified that unlawful disclosure of a trade secret would include its further communication to third parties. In reply to a question on the notion of confidentiality, he said that the intellectual property rights holder should treat the information as a secret and take steps to protect it as such; information should not be protected against discovery by legitimate means such as reverse engineering. Responding to another question, he said that in order to be protected, a trade secret should have economic value or, in the alternative, the IPR holder should suffer economic detriment by its wrongful disclosure. Replying to a further question, he said that the notion of unauthorised use would depend on the circumstances of the initial communication of the information. If the trade secret was imparted to the recipient with a duty not to disclose it, then disclosure would constitute unauthorized use. As to whether criminal remedies were envisaged, his delegation had proposed in its submission on enforcement (W/54) that such remedies need only be provided in respect of wilful acts of counterfeiting and commercial copyright piracy.

38. Introducing document W/17/Add.3, which replaced point (5) under the heading of patents in the earlier submission W/17/Add.1, the representative of Japan said that it dealt with three matters, covering all aspects of compulsory licensing: the procedural conditions that had to be satisfied before an application for a compulsory licence could be made; the grounds for the grant of compulsory licences, in respect of which an exhaustive list was proposed; and the conditions attached to the grant of such licences.

39. Responding to comments, he said that Japan had given adequate recognition in the proposal to the notion of public interest contained in paragraph 5 of the April TNC Decision, notably in the context of the grounds for the grant of compulsory licences, which aimed to define clearly the extent to which the public interest could justify such licences. Limits on compulsory licensing were necessary to create business certainty and to promote innovation which would not only favour the patentee but the interests of the public at large including, in the case of developing countries, through the promotion of the transfer of technology.

Conditions prior to application Responding to questions, the representative of Japan provided the following explanations: that the term "normal commercial practices" in Section 2(1) was intended to refer to negotiations for obtaining voluntary licences conducted as normal and in good faith and where due co-operation and diligence in concluding such contracts within a reasonable period had been shown. The term was designed to exclude unreasonably low royalty rates and to be flexible enough to allow for variations in such rates; it was to be expected that normal commercial practices and royalty rates would vary by industry.

Grounds for grant of compulsory licences The representative of Japan said that the term "exploitation" in paragraph 2(1)(ii) covered not only local working but also importation; this meant that mere importation should not be a ground for compulsory licensing as long as such importation met local needs. The relevant time periods in paragraph 2(1)(ii) of the proposal were taken from the Stockholm text of the Paris Convention. Providing further explanations on paragraph 2(1)(ii), he said that compulsory licensing should not be permitted where insufficient or lack of working resulted from reasons beyond the control of the patentee, for example where government regulatory procedures placed limitations on the exploitation of the invention or where normal commercial practice rendered impossible the exploitation of the invention in a country. Replying to questions on the grant of compulsory licences for anti-competitive practices, the representative of Japan said that the notion of anti-competitive practices was too vague and ambiguous to be used in a TRIPs context. His delegation preferred to specify the grounds for grant more clearly and did not rule out that some of those proposed could fall under the category of anti-competitive practices in certain jurisdictions. He also made the point that failure to work or insufficient working was not necessarily an anti-competitive practice.

Further, the proposal allowed for compulsory licences for government use as long as the grounds for compulsory licences mentioned in the proposal were met. The term "applicant" referred to government agencies as well as private parties. Responding to a request for further elaboration, the representative of Japan said that the specific interpretation of the term "actual peril to life of the general public or body thereof" in paragraph 2(1)(i) should be determined eventually through the multilateral dispute settlement process; the proposal was meant to be illustrative of certain situations, including for example the actual occurrence of events, such as an epidemic, that were of sufficiently serious magnitude to warrant the grant of compulsory licences. Responding to concerns that paragraph 2(1)(iii) of the submission relating to dependent patents was too open-ended and likely to weaken the incentive to innovate, the representative of Japan emphasized the importance of this paragraph in promoting further technological development. The experience of his country had shown that a combination of basic inventions and those developed as improvements to basic inventions constituted optimal technological development. Often first inventions were superseded by subsequent inventions that proved more successful and hence compulsory licensing of basic or earlier filed inventions was necessary to promote such technological development.

Conditions attached to grant of compulsory licences The representative of Japan said that the term "to the extent of necessity" was intended to emphasize the exceptional nature of compulsory licences in the spirit of Article XX of the General Agreement. It was also intended to avoid too broad an interpretation of the grounds for their grant in multilateral dispute settlement proceedings. It also meant, for example, that a compulsory licence could only be granted on grounds of failure to exploit in respect of those claims in a patent that had not been sufficiently exploited, and not in respect of any other claims that the same patent might contain. He said that criteria for the forfeiture of a patent had not been set out in the submission; his delegation was currently examining this matter, and would even be willing to consider whether forfeiture should be provided for at all.

40. Introducing document W/55, the representative of Austria said that it was necessary at this stage to put on record the views and concerns of his delegation. The submission was not drafted in treaty language; it reflected existing Austrian legislation on some matters and contained new proposals on others. It had not dealt with geographical indications including appellations of origin as the matter was currently under consideration by his authorities.

41. A participant expressed support for the Austrian submission, in particular the approach adopted in respect of trade secrets protection, while another held that it was too detailed in some areas such as computer programs. The following records the specific explanations, comments, questions and responses to those questions in connection with the Austrian proposals.

Computer programs: paragraph 1.4.3 Responding to a comment, the representative of Austria said that, although the submission proposed a twenty-five year term of protection as had that of the European Community, the courts in his country protected computer programs as literary works, an approach that had a wide measure of support in the Group. Austria would be willing to go along with this approach or with a separate regime for the protection of computer programs, if there were support for this in the Group. As regards the term of protection, the Group should not feel bound by the Berne Convention for literary works.

Neighbouring rights: paragraph 2.1 The representative of Austria explained that although his delegation favoured the protection of phonograms under neighbouring rights, they would be willing to study any other multilaterally agreed solution as long as the effective protection of these rights was ensured.

Trademarks: paragraph 3.1 The representative of Austria said that the term "marks" was used to make it clear that service marks were meant to be included in the definition.

Paragraph 3.2 The representative of Austria said that in his country sound marks could probably be protected under the law on unfair competition and his delegation would be willing to accept multilateral commitments in this regard.

Paragraph 3.4 The representative of Austria said that the clarification of the scope of well-known marks should take place in the Group on the basis of the proposals before it.

Industrial designs: paragraph 4.6 The representative of Austria said that his delegation would like to know if the Group were interested in his country's proposal to study a special régime to protect designs in the field of fashion and textiles.

Patents: paragraph 5.3 A participant commented that patent term restoration should be relevant for all inventions the marketing of which required government regulatory approval. Responding, the representative of Austria said that, although the proposal envisaged patent term restoration only in respect of patented pharmaceuticals, his delegation would be willing to consider a broader scope of application for such restoration.

Paragraph 5.4 The representative of Austria said that his country's law provided for the grant of compulsory licences in the event of dependent patents, for lack of or insufficient working and on public interest grounds. However, as these provisions had never been used, his delegation had not thought it necessary to specify in any detail the grounds for the grant of compulsory licences.

Trade secrets: paragraph 7 The representative of Austria said that the proposal was intended to outline the means for trade secrets protection as provided for in his country's legislation; the definition of trade secrets which had been clarified by decisions of the courts in his country had not been addressed here. His delegation was open to discussing proposals before the Group on the definition of trade secrets and on the means for protecting them.

Paragraph 7.4 The question was raised whether an employee could disclose a trade secret after a year of working with a competitor of the IPR holder. The representative of Austria said that the determination of unlawful disclosure of a trade secret had to be made on the merits of the case in question because it was difficult to determine when an employer was using his general knowledge as opposed to information that was the subject matter of trade secrets protection; if such information were disclosed after a period of one year, the IPR holder could probably sue the new employer under unfair competition law, but not the employee himself.

Paragraph 8.2: procedures for industrial property rights protection The representative of Austria said that degressive fees could be charged, for example, for collective marks that were registered under different categories, the full fee not being charged for each category. A similar principle could be applied to collective applications for registration or deposit made in the field of industrial designs.

42. Introducing document W/57, the representative of Brazil said that the suggestions contained in the submission were preliminary in nature and could be subject to alterations in the future. The specific proposals did not simply reflect existing Brazilian legislation; an attempt had been made to take account of and incorporate the views of other participants, to address issues in a trade context, and to concretise the ideas contained in paragraphs 2, 3 and 5 of the April TNC Decision in the specific details of the proposal (see also paragraph 29 above). Some delegations welcomed the submission and some of these supported its emphasis on the balance of rights and obligations of intellectual property right holders, the translation of development and public interest objectives into specific proposals for substantive standards, the need to address restrictive business practices and to facilitate access to modern technology. Another participant said that the Brazilian contribution would facilitate further progress in the Group's work. A participant considered that the submission

lacked sufficient specificity in respect of some of the standards proposed such as those on the term of patent protection and compulsory licensing and forfeiture. Responding to a question, the representative of Brazil said that the submission had not addressed neighbouring rights, but his delegation, which was a member of the Rome Convention, would be ready to enter into discussions on the alleged inadequacies of this Convention in the appropriate forum.

43. The following records the specific comments, questions and responses on the Brazilian submission.

Paragraph 8 The comment was made that IPR protection, rather than contradicting the notion of free competition, was essential to it in the same manner as the protection of physical property was.

Paragraph 19: patentable subject matter The representative of Brazil said that his delegation had not specified in greater detail the exceptions to patentable subject matter because it wished to see countries retaining the flexibility to determine such exceptions in the light of their situation, taking into account paragraph 5 of the TNC decision. There should be no attempt in the Group to harmonize standards in this area. It had to be recalled that many developed countries had only recently, or were still in the process of, extending patent protection to certain types of products.

Paragraph 21: term of protection The representative of Brazil said that specific scientific studies would be required in order to determine the appropriate term of protection. The secretariat paper (W/52) showed that in some industries patents were maintained in practice for about ten or twelve years, whereas several proposals before the Group sought twenty-year terms.

Paragraph 28: forfeiture The representative of Brazil explained that forfeiture of patents was necessary to control abuse of the patent right, this being relevant in the light of paragraph 4(b) of the April TNC decision which also called upon the Group to address the "use" of IPRs.

Paragraph 29(ii): obligations of the patentee A participant welcomed the proposal and called for further discussion of the subject of restrictive business practices in the Group. Responding to a question, the representative of Brazil said that the list of restrictive business practices was not an exhaustive one; only the negative trade effects of these practices had to be addressed in the Group and not the practices per se, a view his delegation had adopted in other Negotiating Groups. The mere existence of these practices would not create an automatic assumption that there were negative trade effects. Responding to another question, he clarified that denial of protection would be applied to the right the exercise of which had resulted in recidivism and not to other rights of the patent owner.

Paragraphs 30 and 47: obligations of the patentee and of trademark owners Responding to the concern that the proposals on this subject raised issues relating to the extra-territorial application of national law, the representative of Brazil said that the intention was to seek international co-operation to address the effects of certain practices that had been recognized in past work in the GATT to have adverse effects on trade. This was an area where the Group could do some original work and Brazil was open to further discussing the means for securing international co-operation in this area.

Paragraph 42: trademarks: use requirements Responding to a question, the representative of Brazil said that the phrase "reasonable period of time" had been used to accommodate Anglo-Saxon legal systems; his delegation did not consider it appropriate to further specify this phrase.

44. Introducing document W/38/Add.1, the representative of Switzerland said that, although proprietary information differed from other intellectual property rights in terms of the disclosure requirements, it embodied the central idea underlying IPR protection, namely that of the preservation of the exclusive commercial use of information created by investment of time, human and financial resources. Article 10bis of the Paris Convention already dealt with this matter. The essential difference between proprietary information and other

IPRs was that what was protected in regard to proprietary information was the secrecy of the information, not its content. From the trade policy perspective, this distinction did not provide any justification for excluding proprietary information from the negotiations since it did not mean that no trade distortions were arising. He indicated that the proposal was preliminary in nature and could be subject to further refinements in the light of discussions in the Group. The definition of proprietary information contained in the submission was a residual one and included what were known as trade and business secrets. The protection of proprietary information was based on the consent principle (paragraph 2(ii)), that is to say, such information should not be used without the consent of its proprietor; this principle should be applied to voluntary licensing (paragraph 2(iii)). The requirement that there should not be excessive or discriminatory conditions attached to the use of proprietary information reflected the view that such conditions hampered the flow of information and in particular the transfer of technology. The prohibition of compulsory licensing of proprietary information (paragraph 2(iv)) was a cornerstone of the proposal. The relationship between the proprietor and the government was clarified in paragraphs 2(v) and 2(vi). In general information provided to the government should not be disclosed; there were however two carefully defined exceptions (paragraph 2(v)). The first permitted such disclosure to other governmental agencies, if necessary, to protect human, plant or animal life, health or the environment. This exception was essential in the current environment characterised by an increasing dependence between governmental agencies of different countries on mutual recognition of testing and certification procedures. The second permitted disclosure to the extent indispensable to inform the general public about the actual or potential danger of a product. For example, if a complication were to arise concerning a pharmaceutical product, the authorities might have to disclose proprietary information to satisfy the needs of the public. The obligation to hear an applicant for IPR protection and to provide for judicial review (paragraph 2(vi)) was intended to protect the applicant in the event that some disclosure of his proprietary information to third parties or other governmental agencies was necessary in the context of his application.

45. The following records the specific comments, questions and responses on the Swiss proposal.

Paragraph 2(i) The comment was made that the proposed exclusion from protection of knowledge protected under other forms of IPR protection could create difficulties. For example, under the definition it would not be possible to protect the expression of an idea both under copyright and through trade secrets. Responding to this comment and other questions, the representative of Switzerland agreed that the proposed definition of proprietary information was residual in nature; this could reduce its scope. His delegation would be willing to reconsider this approach to take account of situations mentioned by participants where more than one form of IPR protection for the same subject matter was possible or required.

Paragraph 2(i)3 The representative of Switzerland said that, although it was logically true that the notion of the "will to keep the secrecy" could generally be assumed if the proprietor was making "reasonable efforts" to this end, his delegation considered it useful to retain the former notion in order to make the formulation precise and also because this notion had been developed by the courts in his country as an additional criterion for evaluation, which could be important when the "reasonable efforts" might be accidental. Responding to another question, he said that the notion of what constituted "reasonable efforts" had to be determined on a case-by-case basis taking into account factors such as the importance of the information in question and the alternative possibilities under the circumstances.

Paragraph 2(iii) The representative of Switzerland said that any limitation on the lifespan of the protection of proprietary information was a function of the degree to which the conditions that had to be satisfied in order to obtain protection in the first place continued to be met. He said that in his country an employee was prevented from using at any time protected know-how acquired from an earlier employer; the application of this provision had not created any practical problems concerning the difficulty of distinguishing between general information and that acquired from an earlier employer which was the subject of protection.

Paragraph 2(iv) Responding to a question whether the proposal intended to prevent compulsory licensing on anti-trust or competition law grounds, the representative of Switzerland said that it was difficult to answer this because of the legal difficulties that compulsory licensing could create in enforcing an order compelling disclosure of proprietary information by the proprietor.

Paragraph 2(v) Responding to a question whether the proposal had taken account of the so-called "whistle blower" defence by which defence against infringement could be based on the grounds that disclosure of information was necessary to expose crime, fraud or other unlawful acts or to protect public health, safety or the environment, the representative of Switzerland said that this was reflected to some extent in the paragraph. In addition, his country's penal code provided exemption from prosecution and damages on similar grounds; this could be spelt out in the proposal if that was so desired by participants.

Paragraph 2(vii) Replying to a question, the representative of Switzerland said that the term "unlawful appropriation" was intended to have wide application and participants would be required to widen the scope of the provisions of their penal codes if necessary to cover it.

46. Introducing an informal paper on trade secrets, the representative of the United States said that it was intended for the benefit of those interested in the concept of trade secrets and how they should be protected. He drew attention to the section IV of the paper which in his view highlighted the close connection between trade secrets and intellectual property. WIPO had itself found trade secrets to be part of industrial property, this being reflected in the relevant provisions of its Model Law for Developing Countries on Marks, Trade Names, and Acts of Unfair Competition.

47. After discussion of the new submissions, some general comments were made followed by a consideration of trade secrets. These are recorded below.

48. The representative of India recalled the views expressed by his delegation in its proposals to the Group on the need to address paragraph 5 of the April TNC decision and to ensure a balance between the rights and obligations of intellectual property right holders. Development and public interest considerations had to be reflected in specific terms in the proposed standards and not merely by providing for transitional periods and technical assistance. Restrictive and anti-competitive practices arising in connection with intellectual property rights had to be addressed on the same footing as other standards. On compulsory licensing of patents he re-affirmed the views expressed earlier (see NG11/16, paragraph 34). He did not believe that broadly defined grounds for the grant of compulsory licences would lead to an excessive use of compulsory licensing and cited in support the experience of his country where no compulsory licences had been granted since 1972. With regard to trademarks, he reiterated the views expressed earlier on the need for quality assurance (W/37, paragraph 37), on well-known marks (W/37, paragraph 39), and on the international exhaustion of rights (W/37, paragraph 38). It was his view that service marks should be protected but further discussion was required on whether they should be protected as trademarks or otherwise. On trade secrets he recalled the views expressed previously (see NG11/16, paragraph 63) and said that it would be difficult to subscribe, without further consideration, to the view that trade secrets constituted intellectual property. His delegation had noted that WIPO had addressed trade secrets as a form of intellectual property. A participant expressed support for some of these views and added that developed countries should assume obligations to enhance the transfer of technology to developing countries. Responding to comments concerning paragraph 5 of the April TNC decision, a participant re-affirmed what he considered the mainstream view that higher levels of intellectual property rights protection served the development and public interest objectives of all participants. A considerable number of developing countries had either already enacted IPR legislation similar to what had been proposed by a number of participants in the Group or were in the process of doing so.

49. Some participants recalled their view that trade secrets did not constitute intellectual property (see NG11/16, paragraph 63). A participant said that it had not finally decided its position on the subject of trade

secrets, but was against its inclusion in the Group's work at this stage because of three problems. First, there were difficulties associated with the criteria for defining trade secrets; if the criteria were too broad all kinds of information could be protected as trade secrets. Second, intellectual property protection involved a balance between private and public interests which in the case of trade secrets was not present, in view of the lack of disclosure requirements serving the public interest. Third, if trade secrets were treated as an intellectual property right, large parts of patentable subject matter were capable of being protected as trade secrets; IPR holders would thus be able to choose the kind of protection to seek, which could lead to considerable overlapping between different forms of protection. Another participant said that the option that would become available to IPR holders to choose either trade secrets or patent protection would be exercised in favour of the former, creating considerable difficulties in the form of lack of registration, lack of time limits on protection, and excessive freedom being conferred on the IPR holder to choose when to take action against an infringer.

50. Responding to these comments, the representative of the United States recalled the definition of trade secrets proposed by his delegation (see NG11/16, paragraph 61) and that of Switzerland (W/38/Add.1) which in his view showed that there were no real problems associated with defining trade secrets. If such a definition led to a wide scope of protection, that should not be considered undesirable. With regard to the balance between private and public interests, it was his view that trade secrets protection served the public interest by promoting greater competition and providing cheaper goods and services for all. With regard to the overlapping between trade secrets and other forms of intellectual property protection, he said that the freedom to choose the kind of protection was not unlimited because many trade secrets would not satisfy the criteria for patentability and hence not qualify for patent protection; there was also no evidence to show that individuals preferred one form of protection over another. Furthermore, rights conferred under trade secrets were different from those under other forms of protection; although the duration of trade secrets protection had no fixed limit, there was no limitation on individuals developing independently or obtaining through reverse engineering information that was the subject of trade secrets protection. The only limitation was the requirement to abide by honest commercial practices in obtaining such information. In practice, therefore, the lifespan of a trade secret could be extremely short. Finally, in many jurisdictions there were limits to the freedom that individuals had in deciding when to bring suits against infringement as embodied in the "doctrine of laches"; under this doctrine, individuals were precluded from seeking recovery of damages if they had unduly delayed bringing suits against infringement of their rights.

I.(C) The provision of effective and appropriate means for the enforcement of trade-related IPRs, taking into account differences in national legal systems

51. Introducing his delegation's proposal (W/54), the representative of Hong Kong said the basic premise underlying the proposal was that the adequate enforcement of IPRs was an important element in creating a fair, stable and predictable trading regime. Hong Kong's own experience had shown that the adequate enforcement of IPRs was of economic and developmental benefit to all countries, developed and developing alike. An enforcement regime as tough as that which existed in Hong Kong should not necessarily be aimed at by the Group; a set of concepts which were achievable and which could be maintained would suffice. This would not necessitate any special or separate mechanism for the enforcement of IPRs going beyond or outside the existing civil or criminal procedures which existed in most countries. The basic GATT principles of mfn, non-discrimination, national treatment and transparency should apply to the enforcement of IPRs. Although some delegations had expressed difficulty with the application of the unconditional mfn principle, it was hoped that its essential quality would be preserved. Highlighting the main features of his delegation's proposal, he said that it would be most appropriate that enforcement procedures should be initiated by the IPR holder or his representative and that greatest emphasis should be placed on civil judicial procedures. Administrative procedures might not be adequately transparent. Criminal procedures were unwieldy and involved a pro-active role on the part of law enforcement agencies that was generally inappropriate in the enforcement of essentially private rights like IPRs; for these reasons criminal procedures should only be used when the public interest as a whole was threatened and civil remedies would be inadequate. Features that his delegation considered typical

for a legal system and that would inspire a high level of confidence in the IPR holder, could be found in paragraphs 10 to 16 of document W/54. Of these, a fundamental feature was the so-called Anton Piller order for the preservation of evidence if necessary on an ex parte basis. As a minimum standard, criminal sanctions should be available to counter trademark counterfeiting and wilful commercial copyright piracy as these IPR infringements were easily detectable and provable in a criminal court. However, permissive language in a future agreement providing for criminal sanctions against infringement of other IPRs should not be precluded. With regard to internal measures, his delegation placed emphasis on provisional remedies, including those available on an ex parte basis. Hong Kong's experience had been that a system with, on the one hand, prompt interim relief on the basis of evidence provided to a court in affidavit form and, on the other, adequate safeguards was fair and equitable, greatly reduced copyright piracy and acted as a deterrent to widespread abuse of other IPRs. He said that paragraphs 29 to 39 of the submission on border enforcement were mainly based on Hong Kong's domestic law. His delegation recognised the difficulties faced by participants with long or irregular borders or with resource constraints, but believed that any adequate enforcement agreement should incorporate provisions which provided for border measures. His delegation also recognised that it was possible to treat the subject as part of the overall model for internal measures, as appeared to be suggested by Australia in document W/53. He stressed that border measures should not extend to goods in transit, if only because this would be impractical for many trading countries.

52. A participant believed that Hong Kong's proposal was excessively detailed in some respects. In response to a question, the representative of Hong Kong said that his delegation did not favour ex officio action being required in a future agreement relating to enforcement matters.

53. The following records the specific comments, questions and responses to questions in regard to Hong Kong's submission.

Paragraph 5 The representative of Hong Kong said that the term "municipal" was used to describe the jurisdictional boundary within which participants' domestic laws operated.

Paragraph 10 Responding to a question on the footnote regarding the rights of licensees authorised by the right holder to act on his behalf, the representative of Hong Kong said that the extent to which licensees would be covered would depend on national law; in Hong Kong the term "right holder" applied to an exclusive licensee.

Paragraph 14 One participant expressed difficulties with the type of discovery procedure proposed in this paragraph.

Paragraph 20: remedies and sanctions Responding to a question on the treatment of innocent infringers, the representative of Hong Kong said that in Hong Kong a distinction was made between primary infringements, such as copying, where an innocent infringer would be liable to pay compensation, and secondary infringements, such as dealing in counterfeit or pirated goods, where normally an innocent infringer would not be subject to claims for damages. Responding to another question, he said that compensation was provided for primarily by way of damages, but courts could issue further orders to compensate for costs incurred in an infringement action.

Paragraphs 20, 26 and 32 A participant wondered whether it was consistent that export was mentioned as an infringing act in these paragraphs but not in Hong Kong's proposal on standards (W/51). In response, the representative of Hong Kong was said that this was due to the fact that in Hong Kong export itself was not treated as an infringing act, but the act of dealing within the jurisdiction in infringing goods, which was a necessary preparation for exportation, was an infringing act.

Paragraph 21: rights of judicial review/appeal Responding to a comment that the second sentence of this paragraph appeared to presuppose a particular legal system, the representative of Hong Kong said,

the term "court of appeal" was used in a general manner to describe a higher body of appeal rather than in a specific sense.

Paragraph 28: indemnification of the defendant Responding to a request for clarification of the "appropriate cases" in which indemnification would be due, the representative of Hong Kong said that in Hong Kong, when a defendant was wrongly sued, he was entitled to seek from the court an order for damages and for costs that he had reasonably incurred; whether such an order was made and, if so, the amount provided for, depended on the court, which normally made such an order when the defendant was successful.

Paragraph 36: provision of security Responding to a question, the representative of Hong Kong said that the term "equivalent assurance" could refer to a written undertaking to the enforcement body that the right holder would indemnify this body in relation to damages that might be sought from it in respect of any detention or seizure which caused loss to the importer, should it subsequently be shown that such detention or seizure of the goods had been wrongful and improper.

Paragraph 38: remedies The representative of Hong Kong said that the remedies provided for in this paper were concerned with essentially criminal matters that related to border enforcement, and hence required a court order, while paragraph 26(b) referred to remedies that followed on the conclusion of any civil dispute. A participant commented that the removal or erasure of the offending feature of infringing goods might not be a sufficient deterrent, particularly in the case of trademark infringements.

54. Providing some general background to the thinking that lay behind his delegation's proposal contained in document W/53, the representative of Australia said that the submission complemented the earlier submission of his delegation contained in document W/35, which focused on the question of adequate standards. Adequate intellectual property protection could only be ensured if the rights conferred upon right holders were well-defined and effectively enforceable. In both areas Australia believed that the Group could contribute importantly to an improved international protection of trade-related IPRs. The submission addressed the means that Australia considered appropriate for enforcing IPRs and the degree of detail that was required in this regard in order to effectively address trade distortions and impediments caused by infringements of IPRs, and to avoid inadequate or excessive enforcement procedures. With regard to the basic principles of the GATT his delegation believed that non-discrimination, national treatment and transparency should be interpreted as legal commitments independent of other enforcement provisions, and should serve as the core foundations for enforcement mechanisms. Australia agreed with the view previously expressed by some other delegations that GATT obligations on enforcement measures should be built around certain core principles. The representative of Australia then introduced the six general enforcement principles outlined in the submission. He emphasised that these should provide greater predictability for IPR holders, IPR users and third parties in addressing trade distortions caused by both inadequate enforcement and excessive enforcement, particularly at the border. His delegation had been informed by Australian firms about the inadequate procedures available in some markets for IPR holders to enforce their rights; these firms had also expressed concerns that some countries administered their IPR systems in such a way as to constitute a non-tariff barrier to trade. With regard to the approach suggested in the document, he said his delegation aimed at allowing for flexibility in accommodating different procedures and mechanisms under various national legal systems by enabling countries to provide effective and adequate enforcement measures as well as appropriate means of redress or remedy against IPR infringement, counterfeiting or piracy. This was called for by paragraph 4(c) of the April TNC decision. He stressed that the Group should aim at an appropriate balance in terms of the level of detail required to meet the stated objectives and should not aim to seek adoption of the same enforcement mechanisms by all countries. The primary responsibility for enforcing IPRs should be on the IPR holder; governmental responsibility should in principle be limited to ensuring that adequate domestic enforcement mechanisms were available, while ensuring as well that procedures and remedies did not create obstacles to legitimate trade. The proposed set of general rules should apply consistently to both internal and customs entry enforcement, although the extent of their applicability to border measures could be expected to vary according to national laws (some laws or

administrative procedures might be implemented at the border or be subject to internal enforcement measures). The range of procedures and remedies available at the border and internally were only likely to differ on points of detail from country to country, and Australia believed that it was not necessary for a GATT agreement to focus on such points of detail, as long as such differences did not create trade distortions or impediments. Border measures should be available for counterfeit and pirated goods (defined in accordance with the model legislation developed by the Customs Co-operation Council) imported on a commercial scale. However, the responsibility given to customs officers should be subject to appropriate safeguards, as measures by them were prone to becoming arbitrary or unjustifiable barriers to legitimate trade.

55. A participant expressed support for the approach adopted in the Australian submission which allowed the flexibility necessary to accommodate different legal systems. With regard to the comment that there was no reference to ex officio procedures in the proposal, the representative of Australia said that Australia was opposed to provisions which obliged governments to initiate ex officio enforcement procedures, in particular because of the problems faced by governments in detecting IPR infringements on their own initiative at the border. Furthermore, the primary responsibility for action in this respect lay with the IPR holder. Australia, however, did not object to inclusion of provisions in the agreement admitting ex officio procedures if a participant so desired, provided that such procedures would be subject to very stringent safeguards.

56. The following records the specific comments, questions and responses to those questions in connection with the Australian submission.

Paragraph 1 In response to questions, the representative of Australia explained that the reference to a GATT based intellectual property agreement was not intended to prejudge the final form of the results of the TRIPS negotiations. However, Australia did favour these being incorporated into the GATT. The reference to "signatories" should not be interpreted as favouring a code approach; in Australia's view all GATT contracting parties should be parties to a TRIPS agreement. A participant suggested amendment of paragraph 1(i) by inclusion of the words "related to trade" after "intellectual property rights", In response, it was said that Australia did not consider such an amendment necessary, because a TRIPS agreement by definition would be related to trade.

Paragraph 3: basic objectives The representative of Australia clarified that the objectives mentioned in subparagraph (b) were a subset of the broader objectives mentioned in (a).

Paragraph 6: fair and equitable procedures The question was raised as to what scope Australia saw for ex parte proceedings. In response, the representative of Australia said that the word "normally" was intended to provide sufficient flexibility to accommodate this possibility. It might not be appropriate to provide prompt and reasonable notice of the commencement of proceedings in all cases, in particular when such notice might result in defendants eliminating evidence or disguising their identity.

Paragraph 7: fair and equitable procedures Providing further clarification, the representative of Australia said that the second sentence was an expression of the concept of due process of law. Judicial and/or administrative proceedings should only be based on the arguments brought by the parties before the courts or administrative bodies and on other relevant matters determined by them, and the manner of evaluating these matters should be left to the discretion of such bodies without any external interference.

Paragraphs 10 and 11: provisional measures The representative of Australia said that the requirement to hold a hearing in the case of ex parte proceedings and on the revocation or lapsing of provisional measures could be qualified in cases where there was an agreement between the parties involved to refrain from further proceedings -unless customs legislation or court orders provided otherwise.

Paragraph 12: civil remedies The representative of Australia said that the formulation of the third indent had been chosen to avoid detailed specification of which forms of compensation should be

available. In Australia the courts had the discretion to order an unsuccessful litigant to compensate the other party in the proceedings for that party's costs and the other losses resulting from the unsuccessful action; in addition to damages or an account of profits the courts might decide, depending on the IPR and the criminal activity involved, to award, for example, punitive damages.

Paragraph 13: criminal sanctions The representative of Australia clarified that the obligation on criminal sanctions should only relate to deliberate trademark counterfeiting and copyright piracy on a commercial scale, and should be a minimum provision allowing signatories to go further if they so wished.

Paragraph 14: detention of goods The representative of Australia clarified that the words "imported on a commercial scale" were used to allow for exceptions for articles of personal use. As to the extent of evidence to be provided for establishing prima facie infringement, he referred by way of example to the Australian Trademarks Act, which allowed a trademark holder to notify the customs of his mark and lodge an indemnity with customs as security; if the customs authorities, on the basis of the mark thus notified, identified goods which prima facie infringed the trademark holder's rights, the latter was informed of the consignment of suspect goods and he could take the necessary action to protect his interests. He said that the term "competent authorities" was used instead of "customs authorities", to cover as well cases when goods had been cleared through customs but could still be seized by other authorities, such as police or court bailiffs. In response to a question, he said that the "appropriate safeguards" to detention were specified in the second and third indents of paragraph 15; however, additional safeguards were not excluded as suggested by the word "may".

Paragraph 15: safeguards Responding to a question, the representative of Australia said that the words "wrongful use of enforcement measures" referred to actions which proved to be incorrect despite being prima facie soundly based; this was distinct from the term abuse, which related to malicious, badly motivated or negligent types of actions.

Definitions A participant believed that these definitions, developed by the Customs Co-operation Council, should not be assumed to the subject of a consensus in the Group, but should be reassessed as the work proceeded.

57. Introducing paragraph 9 of his delegation's submission (W/55), the representative of Austria said that the reference to counterfeit was not intended to indicate that Austria was contemplating the establishment of a special enforcement regime in respect of counterfeit goods nor that it considered that the enforcement issue should be limited to that field. Austria reserved the right to come back to the subject matter of enforcement in more detail. In general, Austria was in favour of internal enforcement measures before regular courts, with the onus on the right holder to initiate action, and was opposed to measures at the border. Internal procedures were less likely to become obstacles to trade in legitimate goods. However, border measures should be available in specific cases and circumstances like counterfeiting. He said that his delegation wished to reserve its position with regard to national treatment in procedural matters. Harmonisation should not be the purpose of negotiations on enforcement. On the subject of trade in counterfeit goods, Austria was ready to consider any effective solution, either in the context of a future GATT instrument or any other multilaterally agreed forum.

58. Introducing his delegation's proposal on enforcement contained in document W/57, the representative of Brazil said that it was based on the existence of national legislation concerning the solution of problems arising from the infringement, abuse and other adverse effects of IPRs. Only in exceptional cases, notably where trade operations had become subject to disputes for reasons of intellectual property, would international agreements be negotiable. Possible final commitments should, however, not place excessive material burdens on in particular developing countries. Another principle underlying his delegation's proposal, was the avoidance of provisions which would be likely to constitute barriers to legitimate trade. He said that the proposals on border enforcement (paragraph 56) were without prejudice to his delegation's position relating to counterfeit goods.

59. Responding to a question, the representative of Brazil said that the types of international commercial transactions involving intellectual property rights that should be addressed were a matter which the Group should decide collectively; it was not yet clear what would be the trade impact and benefit of having those transactions regulated by international agreements. Similarly, the Group should examine which forms of abusive use referred to in paragraph 56 should be addressed by appropriate border measures. The question of whether to address other practices, such as importation of trademarks that would influence consumption habits in a country, or interfere with its cultural values should also be discussed. A participant questioned whether the proposed border enforcement system could be effective in the light of the requirement that all internal measures had to be exhausted first. In response, the representative of Brazil said that Brazil was not in favour, for example, of seizure of goods at the border by customs officers without an order for seizure given by a competent authority, which in Brazil would be a judge.

60. Introducing document W/58, the representative of Norway said that the proposal was intended to underscore the Nordic view that a system for the effective enforcement of a set of standards for IPR protection was an essential element in a TRIPS agreement. He then presented each of the general principles outlined in the introductory part of the Nordic proposal, as well as the different sections, dealing with internal measures, provisional measures, border measures and criminal procedures.

61. Responding to questions, the representative of Norway said that the proposal was intended to contain all the necessary elements for that part of a TRIPS agreement that should relate to enforcement, although some details might need to be added. A number of questions on enforcement were still under consideration in the Nordic countries and they would like to return to some of these questions at an appropriate stage. In response to a question relating to paragraph 17, he said that in the Nordic view border measures should be subject to proper judicial appeal and review; however, the Nordic countries would not oppose purely administrative border measure systems. In response to a question on paragraph 18, he said that the question of whether criminal procedures should be mandatory needed further reflection.

62. Referring to his delegation's proposal contained in document W/31, the representative of the European Communities recalled that his delegation had stated at a previous meeting (NG11/13, paragraph 25.D.1) that it would consider its position on the very important element of border enforcement of IPRs, notably whether the obligatory coverage of proposed border measures, which had been limited to trademark counterfeiting, should be extended to address other infringements of IPRs. He indicated that as a result of these reflections the Community had modified its position with regard to border enforcement and proceeded to present the new position. The obligation to establish border enforcement mechanisms should relate to infringements of all IPRs that would be covered by the TRIPS agreement. Such an obligation should, however, be balanced by the following non-exhaustive list of appropriate safeguards: 1) that a procedure to enforce IPRs at the border should be request-based; 2) that there should be adequate evidence, presented by the right holder to the competent authorities at the time of the application consisting of all pertinent information known and reasonably available to the applicant, to enable the authorities to determine action in full knowledge of the facts; 3) that there should be a prima facie case of infringement; 4) that the goods in respect of which the customs authorities were requested to intervene, should be easily recognisable; and 5) that there should be a requirement that appropriate security be supplied by the applicant.

63. Some participants, offering preliminary comments with regard to the new Community position on border enforcement, expressed their concerns about the demands that the proposed measures would place on customs resources and about the high level of expertise that would be required from customs officials staffing border entry points. In response, the representative of the European Communities disagreed that his delegation's proposal would impose too heavy a burden on customs authorities. He stressed that his delegation did not envisage obligatory ex officio procedures; procedures should be initiated upon request and a competent authority would have to decide whether there was in fact a prima facie case. Thereafter, customs authorities would only have to apply any border measures to goods which were easily recognisable as infringing goods.

Furthermore, it was precisely to minimise the risks of creating obstacles to legitimate trade that his delegation had proposed the provision of a number of safeguards. Responding to the question about whether a sample should be provided in each and every case to make border enforcement of an IPR possible, he said that the way in which a prima facie case was established and the way in which it was ensured that the infringing goods were easily recognisable by customs authorities depended on the facts of each case.

64. A participant said that there appeared to be a great degree of convergence of thinking in the Group on enforcement matters. His delegation had decided not to present a written submission as it shared many of the ideas proposed in the Group, but had identified two areas of difficulty which it wished to flag: these related to the extent to which criminal sanctions and various types of compensation should be provided for in a future agreement.

IV. Other business, including arrangements for the next meeting of the Negotiating Group

65. The Group requested the secretariat to undertake a final revision of the synoptic tables on standards and principles and on enforcement. It was understood that this would not in any way limit the possibility for participants to put forward further proposals to the Group on these matters.

66. The Group requested the secretariat to prepare an informal document containing a checklist of the main issues raised in the Group, both in writing and orally. It was understood that this document would be without prejudice to the positions of delegations. A participant, in agreeing not to block a consensus on this matter, said that his delegation still had doubts about the timing of this initiative. He trusted that the compilation would fully reflect all points of view. The Group agreed tentatively to modify the date of the next meeting to 29 January and 1 February, but noted that these dates might still need to be modified to avoid undue clashes with other Negotiating Groups. (The meeting was subsequently called for the dates of 5-6 February.) The subsequent meetings of the Group would be held on 6-7 March and 2, 4 and 5 April 1990.