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Negotiating Group on Trade Related
Aspects of Intellectual Property Rights
Including Trade in Counterfeit Goods

MEETING OF THE NEGOTIATING GROUP OF 1 NOVEMBER 1990

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

Note by the Secretariat

1. The Chairman referred to the texts on the Status of Work in the Negotiating Group circulated on 25 October in an informal document bearing the reference number 2613, which he had prepared in the light of the consultations held in the two-week period 8-21 October. He said that this document was made available on his own responsibility and had been prepared on the same basis as indicated on the covering page of the earlier text attached to document NG11/W/76. It continued to reflect the fact that there were two basic approaches to both the structure and the content of the results of the negotiations. A number of other differences of position were also signalled in the document. However, an attempt was made to reduce the number of options outstanding to those that, in his opinion, reflected the basic points still to be negotiated. Nonetheless, as indicated in the covering page to document NG11/W/76, the fact that a paragraph might appear without any square brackets or options did not necessarily mean that it had general support and it was clear that a number of such paragraphs remained controversial.

2. The Chairman then reported to the Group on the informal consultations that he had held on the basis of this document since 29 October. It was his assessment that the stage had now been reached in the work when, in order to make progress, the more basic differences between participants on points of substance had to be dealt with. So far, in addition to considering the Part concerning General Provisions and Basic Principles, most of the discussion had been focused on the key patent issues of exclusions from patentability and compulsory licensing. Whereas in the past he had described the consultations held fruitful and constructive, this time his assessment would have to be more nuanced. The discussions on some issues such as those concerning patents had been useful, even if they had not solved the problems under discussion. There evidently still remained a great deal of work to be done in little time.

3. Speaking on behalf of a number of developing countries, a participant welcomed the structure of the paper which, he said, was in line with the mandate provided in the Mid-term Review. By separating the text into two distinct agreements respectively dealing with trade-related aspects of intellectual property rights and trade in counterfeit and pirated goods, the paper conformed to the intent of the Punta del Este negotiating mandate. However, there was still overlap and duplication relating to the provisions dealing with border measures for enforcement which he believed should all be dealt with solely in the draft agreement on trade in counterfeit and pirated goods. He expressed concern about the continued inclusion in the text of a section on protection of undisclosed information, which was not in conformity with the negotiating mandate, since that mandate referred exclusively to intellectual property rights. Undisclosed information was clearly not an

intellectual property right and treating it as such would undermine the disclosure and publication requirements which were at the very basis of the intellectual property system and the philosophy underlying the grant of intellectual property rights. The two Parts of the paper dealing with dispute settlement and institutional arrangements, were in his view closely linked, because both pertained to the international institutional implementation of the results of the negotiations. He reiterated that such implementation should be in the relevant international organization, account being taken of the multidisciplinary and overall aspects of these issues, and the present draft text should not in any way prejudge the final decision to be taken on these issues. Regarding its substantive contents, he wished to put on record the view that the paper did not adequately take into account the special needs and problems of developing countries. Flexibility in favour of developing countries was required in any TRIPS agreement, in view of their special developmental and technological needs. Instead of such flexibility, there was a thrust towards harmonization of intellectual property systems in all essential respects. However, uniform provisions were inappropriate for countries which were at widely differing levels of economic and technological development. Should these attempts at harmonization be maintained, it would be difficult for developing countries to assume such obligations. In this context, he fully supported the granting of special treatment to least developed countries; the proposals made by them in the negotiations merited serious consideration. He was also concerned that most of the emphasis in the text was upon the provision of rights for intellectual property right owners and little account was taken of their obligations, or of the underlying public policy objectives of national intellectual property systems, including developmental and technological objectives. More emphasis should be placed on the need for developing countries to have access to technology on equitable terms and conditions. In this respect, more positive commitments relating to the encouragement and promotion of technology transfer were called for.

4. Continuing, he then highlighted some provisions of the text which differed from other provisions because the problems involved were of a more fundamental character, while emphasising that this should not be interpreted as an acceptance of provisions he would not mention. The preamble should more clearly reflect the elements proposed in document MTN.GNG/NG11/W/71. Moreover, if the negotiating mandates in the Punta del Este Declaration and Mid-term Review were to be used here, they should be integrally and faithfully reproduced. As regards Part I, Article 1, he said that the establishment of minimum obligations would excessively constrain the flexibility required by developing countries. In any case, this Article could not be reconciled with the provisions of the text, which included not only obligations but also discretionary powers for States parties to the agreement. The obligation in Article 2 to comply with the major intellectual property conventions was contrary to accepted principles of international law, according to which conventions were binding only upon those countries which had adhered to them. The only exception to this related to conventions codifying general rules of customary international law, which certainly did not apply to the relevant intellectual property conventions. With respect to Article 4, he said that he was still not convinced of the need to include the mfn principle in the text, since it was alien to the intellectual property system, and would in any case be rendered meaningless by the growing list of exceptions written into it. He welcomed the inclusion in the text of a general provision on exhaustion, which was a basic principle relating to intellectual property rights and as such should not be subject to any exceptions or conditions which might weaken or invalidate its application. In this connection, he said that it should be clarified throughout the text that any references to exclusive rights of importation implied a right to exclude only infringing goods. Alternatively, the grant of this right should be left to the discretion of Parties. Turning to Part II, Section I, copyright, he said that Articles 8, 12 and 14 were examples of the lack of balance he had referred to. Article 12 should be deleted and in Article 8 a phrase should be inserted explicitly clarifying that authors' rights were subject to the limitations and exemptions provided in the Berne and Rome Conventions. As regards Article 9, he said that it was not appropriate to protect computer programs as literary works. Article 10 on rental rights should be deleted since such rights were not recognized in any existing intellectual property convention, and would pose new problems of protection and implementation, especially for developing countries. On Part II, Section 2, trademarks, he said that Article 15 should be drafted in such a way that it would be clear that elements characteristic of designs, such as the shape of goods and combinations of colours, were not capable of "double protection". The limitations upon the discretion of registration authorities implied by the first sentence of paragraph 5A were not acceptable. As regards Article 16, he could not accept any provisions which added to or departed from Article 6bis of the Paris

Convention, which provision was quite adequate for the definition and protection of such marks. Articles 19 and 20 were out of place in this agreement, since the establishment of conditions for the use of trademarks should be left to national legislation. On Part II, Section 3, geographical indications, he saw no need for protection additional to that against use which might deceive or confuse the public since the protection provided in Article 23 discriminated between wines and spirits on the one hand and other products on the other hand. At the same time, it created a stronger protection than the trademark system. He also expressed reservations on the system of notification proposed in Article 24. Concerning Part II, Section 4, industrial designs, he saw no need to have favourable treatment provided for any particular category of designs, as proposed in Article 26, paragraph 4. With respect to Article 27, he said that no exclusive rights of importation should be granted. As regards, Part II, Section 5, patents, he reaffirmed the vital importance to developing countries of the possibility of exclusion of certain products and processes from patentability on grounds of public interest, health or nutrition as provided in Article 28. The reference to plant variety rights in paragraph 4A of that Article was inappropriate and out of place, since plant variety rights were a distinct sui generis category of rights regulated by a separate convention. They bore no relationship to patents and should therefore be removed from the relevant section. Article 29 on rights conferred should not grant any extension of rights to products obtained by a patented process. Article 30 on conditions and obligations of patent owners - which was partially based on document MTN.GNG/NG11/W/71 - should, in line with that text, clearly specify that working the patented invention in the country of grant was one of the obligations of a patentee. Such working was an essential element upon which the patent system was based, and was part of the balance between the interests of patent owners and those of the country undertaking to protect inventions. Article 32 on non-voluntary licences and other use without authorisation of the patent owner was a key article of the text. As presently drafted, it undermined the very basis upon which such licences were usually granted, i.e. for the prevention of abuses which might result from the exercise of exclusive rights and in the public interest. One of such abuses was explicitly stated by the Paris Convention to be failure to work. The concept of abuse, and of failure to work as being one such abuse, should be maintained. Since it was the existence or not of such abuse which would determine whether or not a non-voluntary licence was granted, paragraph 1 of the Article was inappropriate. If there was no agreement on grounds for the grant of non-voluntary licences, it would be preferable to have no listing of grounds at all. The listing of conditions to be respected where there was a grant, as in paragraph 3, should be limited to non-exclusivity, payment of remuneration and review of remuneration. Regarding Article 34, he reaffirmed his position that the determination of the term of protection of patents should be left to the discretion of countries. It could not be scientifically or objectively demonstrated that there was any optimal duration of protection. The reversal of the burden of proof as formulated in Article 35 was intrinsically unfair and contrary to the principles of natural justice and equity. The inclusion of a provision like that of Article 36 on transitional protection was unacceptable as were all other such retroactive provisions. In this respect, a proposal to include a principle to prohibit retroactivity should be reflected in the text. On Part II, Section 6, lay-out designs of integrated circuits, he saw no need for any additions to the Washington Treaty. This was a new convention, seriously discussed and negotiated upon for some years in good faith by all the countries participating in the TRIPS negotiations; it was inappropriate to start a process of amending it even before it came into force. Part II, Section 8, dealing with control of abusive or anti-competitive practices, was extremely important in attaining a balanced TRIPS agreement. However, the consultation machinery was too weak and should be strengthened so as to have some credibility. With respect to Part III, enforcement, he was concerned to see that no allowance was made for the limits of the administrative and financial capabilities of countries. The lack of such a provision would not only be inequitable, particularly for developing countries with limited capabilities, but would also fail to be realistic. He also expressed concerns about the continued maintenance of too much detail regarding domestic enforcement. Such enforcement should include safeguard measures, especially for developing countries, and should not lead to the creation of separate legal and judicial structures and practices applicable only to the enforcement of intellectual property rights. This would both be unworkable and undermining existing domestic legal structures and judicial practices. As regards Part VI, transitional arrangements, he failed to see the philosophy behind the proposed provisions. Economic and technological development was not a time-bound phenomenon. It was a qualitative process which could not correspond to any specified number of years. The slow way in which the intellectual property systems of countries which were now technologically advanced had

been gradually modified as and when they developed illustrated this point. Rather than transitional provisions for a limited period, it was more important to have adequate provisions allowing for the special economic and technological needs of developing countries, thus affording them the opportunity to build up their technological capabilities without the external constraints that would be imposed by uniform standards of intellectual property right protection.

5. Supporting this statement, a participant said that in other areas of the Uruguay Round, such as agriculture, natural resource-based products, standstill, textiles and tropical products, no meaningful developments had taken place so far. Turning to specifics, he wondered why a provision like that of Part II, point 4A, of the 1 October text had disappeared. He was concerned that he could not find a clear principle concerning non-retroactivity. The Article in the draft on dispute settlement did not contain the proposal of his delegation. Part II, section 3, geographical indications, should reflect an article stating that protection should not be granted where the prolonged and continued use of the name of a place or area had become known in the territory of a PARTY, or in the territory of markets which might be supplied, as a synonym of a production process or a manufacturing process of a given product. He urged the Chairman to ensure that differences in the Group were clearly set before the TNC.

6. A participant said that all differences of view, particularly on controversial issues, should be reflected in the text. Some other participants expressed support for this statement. One of them expressed reservations with respect to the provisions dealing with the protection of computer programs as literary works. He was also concerned about the proposed extension of the protection for lay-out designs of integrated circuits beyond the provisions provided in the Washington Treaty of May 1989. Undisclosed information should not be brought into the intellectual property framework, because it could not be considered an intellectual property right in the first place. His delegation also had difficulties with Part III dealing with enforcement, and was disappointed that the text did not take at all into account the differences in national legal systems. Another of these participants expressed concerns as regards areas of the draft that had hardly been discussed so far, such as the Parts on transitional and final provisions.

7. As regards the future work of the Group, the Chairman said that, since the Group had been asked to report to the TNC on the status of the work on 2 November, it was his intention to forward to the Chairman of the TNC the text contained in the document of 25 October, to which he would add a covering note making clear the status of the text. The text would be submitted on his responsibility and as not committing any participant. He would also be sending the Chairman of the TNC a covering letter indicating his appreciation of the stage reached in the work of the Group, notably an indication of the major outstanding issues that would need to be the subject of further negotiations.