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

NOTIFICATIONS IN THE INVENTORY OF NON-TARIFF MEASURES (INDUSTRIAL PRODUCTS) RELATING TO INTELLECTUAL PROPERTY RIGHTS

Note by the Secretariat

This note reproduces for the convenience of the Group the notifications presently figuring in the Inventory of Non-Tariff Measures (Industrial Products) (documents NTM/INV/I-V) that would appear to relate to intellectual property rights. The following notifications are reproduced.

Notifying country	Maintaining Non-tariff measure	Inventory country	numbering
Hungary United States	Maximum prices, lack of patent protection	EEC (Italy)	IV.H.5
Nordic countries	Labelling requirements, Commerce (Imports) Regulations	Australia	IV.K.1
Hungary Nordic countries	Origin labelling requirements	Canada	IV.K.4
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Brazil Japan	Marks of origin	EEC (United Kingdom)	IV.K.6
Hungary	Marks of origin	Sweden	IV.K.8.1

*English and French only

Notifying country	Maintaining Non-tariff measure	Inventory country	numbering
Austria Canada EEC Hungary Japan Nordic countries	Marks of origin	United States	IV.K.9
Canada	Marking requirement	United States	IV.K.9.1
Canada EEC	Discriminatory licensing of technology	Japan	IV.L.2
Canada EEC	Patent and trademark registration	Japan	IV.L.3
EEC	Copyright legislation, manufacturing clause	United States	IV.L.5
EEC Korea, Republic of	Section 337 of the United States Tariff Act of 1930	United States	V.F.4

(NTM/INV/I-V/Add.2)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Hungary United States	Maximum prices, lack of patent protection	Pharmaceuticals	EEC (Italy)	IV.H.5

A. Method

As to maximum prices, the price ceiling is set for a large number of pharmaceuticals apparently for social reasons and to lighten the burden of the State in paying health insurance compensation benefits. Price control has aggravated the effects of a lack of patent protection, which make it easy for imitators to sell pharmaceuticals at low prices which do not include heavy costs involved in research and development of the product.

With regard to patent protection in most countries, although pharmaceuticals

are treated differently from other products insofar as patent laws are concerned, pharmaceutical manufacturing processes are patented. The Italian Government, however, has not permitted the patenting of pharmaceutical products or processes for many years. The lack of patent protection allows Italian companies to freely manufacture and sell pharmaceuticals which foreign producers have introduced and patented elsewhere at great expense. This situation discourages United States exports to Italy because of the import displacement effects of such unauthorized domestic production. It also leads to displacement of United States pharmaceutical in third-country markets. Despite continued bilateral representations by United States officials, no resolution of this problem has been achieved.

B. Effects

C. Comments by the maintaining country

Price ceilings are set but they are on a non-discriminatory basis for imports and domestic production alike and conform to Article III. The situation resembles in some ways that for sanitary measures in that the State is concerned to extend protection to the population as a development measure. Thus, the Health Ministry fixes prices for retail sale at the same time that products are registered for sale in the country.

As for the patent situation, since it is alike for domestic and foreign suppliers of the market, this cannot be regarded as an obstacle to imports and is certainly not a case of discrimination. Moreover, Italy's economic development plans include provision for bringing the patent situation into conformity with other countries of the EEC.

August 1983
(NTM/INV/I-V/Add.1)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Nordic countries	Labelling requirements, Commerce (Imports) Regulations	See text	Australia	IV.K.1

A. Method

Very detailed requirements exist concerning marking of country of origin, placing and legibility of mark, and even wording of the phrase "Made in Sweden" (not "Swedish Manufacture"). Description of product must also be given in a conspicuous and permanent way. Merchandise not fully complying with regulations is prohibited entry, which can involve heavy loss for an exporter far away.

B. Effects

C. Comments by the maintaining country

The Commerce (Trade Descriptions) Act and regulations thereunder came into operation in 1906 and were designed essentially to:

(a) protect those traders who correctly describe their goods from the actions of competitors who, by false or misleading descriptions, deceive the consumer;

(b) protect the consumer by requiring, in cases where the proper maintenance of the public health or the public interest makes it expedient, that manufacturers shall indicate on their goods the nature of the ingredients or materials of which they are composed; and

(c) ensure that inferior kinds of goods are not passed off as being of the best quality.

A principle of the application of the commerce marking legislation, other than that relating to country of origin, is that compatible requirements exist in respect of locally produced goods.

The Act is limited in its operations as regards conspicuous labelling and country of origin to those classes of goods listed in the Regulations.

Following the introduction by State Governments of legislation concerning pre-packed articles, Federal legislation was introduced by the Australian Government in 1972 which requires descriptions and net weights to be indicated. This applies to all products except those listed in the Regulations.

September 1982
(NTM/INV/I-V/Add.1)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Nordic countries	Labelling requirements, Commerce (Imports) Regulations	See text	Australia	IV.K.1

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In relation to the specific query raised, adjectival forms of the name of a country of origin are not acceptable for the reason that it may not be a precise indication of the origin of the goods, e.g., the term "British" would cover goods made in Hong Kong; "French" would cover goods made in Somaliland; "Portuguese", goods made in Macao, etc.

Goods not marketed in accordance with the legislations are prohibited imports but when such shipments arrive the importers are given the choice of marking the goods correctly or re-exporting them.

The Australian requirements appear to be consistent with Article IX of GATT. Moreover, the relevant Regulations (other than those relating to pre-packed articles) have been in operation since 1906 and are therefore permitted by the Protocol of Provisional Application. With regard to pre-packed articles, the recently introduced legislation relating to imports is in line with requirements for locally produced goods.

September 1982
(NTM/INV/I-V/Add.1)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Hungary Nordic countries	Origin labelling requirements	See text	Canada	IV.K.4

A. Method

Canadian regulations call for origin labelling in a manner often unnecessarily stringent and require marking in a difficult or impracticable manner.

Imported goods have to be marked with the country of origin by stamping, etching, engraving or labelling, in a permanent and conspicuous manner. Boxes and packaging material, when destined for the ultimate consumer, are also to be marked.

B. Effects

The regulations are particularly burdensome for the following goods: blankets
candles, cutlery - chrome-plated or of stainless steel - dishes and ornaments of porcelain, tiles, ceramic mosaics, kitchen utensils, certain electrical measurement devices, electronic tubes, toys and games, sports goods, hats, boots and wearing apparel.

C. Comments by the maintaining country

Canada considers that its regulations conform to GATT. Regulations apply to only fifty-nine specified categories and refer only to marking for country of origin. Marking can be carried out under supervision of the customs if goods have not already been marked.

There are fifty-nine categories of goods subject to this requirement. The regulation is limited to an indication of the country of origin. Goods can be marked at the Canadian customs to avoid shipping back. Categories of goods exempt from this requirement are listed in paragraphs 9 and 10 of the 1958 GATT Resolution on Marks of Origin (BISD, 7th Supplement, page 32).

August 1983
(NTM/INV/IV)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Canada	Hallmarking procedure	Gold, silver or platinum articles	EEC (United Kingdom)	IV.K.5

A. Method

To meet British requirements, jewellery must be sent to the United Kingdom in a semi-finished condition for hallmarking, and then either be returned to Canada for finishing or finished by a branch established for that purpose in the United Kingdom. Hallmarking is not required for sale in the United Kingdom, but consumer preference in that market makes it desirable to have obtained the mark in terms of acceptance of the product.

B. Effects

These procedures are cumbersome and present an unnecessary impediment to Canadian sales.

C. Comments by the maintaining country

The hallmarking of gold and silver articles, which provides the consumer with a guarantee of quality, is one of the oldest forms of consumer protection. The United Kingdom has had a hallmarking system for six centuries and the three official enquiries into the system, in 1856, 1879 and 1959, all recommended that compulsory hallmarking and standards were in the public interest and should be continued. Hallmarking laws are also of value to the manufacturer who is given quality control service, at a very low cost, which protects him from dishonest competition.

The current legislation is the Hallmarking Act, 1973. Under the Act, it is an offence, subject to certain exceptions, for any person in the course of trade or business to apply to an unhallmarked article a description indicating that it is wholly or partly made of gold, silver or platinum, or to supply or offer to supply an unhallmarked article to which such a description is applied. The Act lays down legal standards of fineness of gold, solver and platinum and defines certain terms, e.g. "sterling", "Britannia" and "carats".

October 1981
(NTM/INV/IV)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Canada	Hallmarking procedure	Gold, silver or platinum articles	EEC (United Kingdom)	IV.K.5

Several other European countries also have compulsory hallmarking systems. Certain others have voluntary systems. The International Convention on the Control and Marking of Articles of Precious Metals of which the United Kingdom, Finland, Austria, Sweden and Switzerland are members, offers a satisfactory way of removing barriers to trade. The Convention is the result of many years of careful preparation and contains satisfactory safeguards against the debasement of standards. It is open to accession by any country having adequate hallmarking facilities and provides for the free circulation of articles of precious metal between member States. Thus articles bearing a Convention hallmark applied by an authorized Assay Office in any Convention country can be described in the United Kingdom as made of gold, silver or platinum without undergoing further testing and hallmarking.

October 1981
(NTM/INV/IV)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Brazil Japan	Marks of origin	300 industrial products	EEC (United Kingdom)	IV.K.6

A. Method

The Merchandise Mark Act of 1926 and the Joint Memorandum by the Board of Trade and Commissioners of Customs and Excise respecting the requirements as to marks on imported goods required about 300 items of imported industrial products to have
marks of origin. These goods are listed in Notice No. 33, which also specifies, for each item the specific ways in which the items are to be marked.

B. Effects

The rigid requirements of the 1926 Act are considered to have had potentially trade-impeding effects upon imports to the extent that they involve costly and technically difficult marking.

C. Comments by the maintaining country

The Trade Description Act (TDA) which became effective in November 1968
replaced the 1926 Act for purposes of marks of origin. Specific marking orders made under the 1926 Act expired in 1971 and no origin marking orders under Section I of the TDA 1968 have been made. However, an amendment to the TDA 1968 was introduced in 1972 to ensure that the consumer was not misled by the use of United Kingdom names on imported goods.

From 29 December 1972 it has been an offence for any person, in the course of a trade or business, to supply or offer to supply goods manufactured or produced outside the United Kingdom which bear a United Kingdom name or mark (or any name or mark likely to be taken for a United Kingdom name or mark) unless the name or mark is accompanied by a conspicuous indication of the country of origin. A United Kingdom name or mark is defined as:

(a) the name of any person carrying on a trade or business in the United Kingdom;

(b) the name of any part of, or area, place or geographical feature in the United Kingdom;

(c) a trade mark of which a person carrying on a trade or business in the United Kingdom is the proprietor or registered user; and

(d) a certification trade mark of which a person in the United Kingdom is the proprietor.

The Secretary of State for Trade and Industry may give directions for excluding or relaxing the marking requirements in relation to goods of any description if he is satisfied that to do so would not materially impair the interests of persons in the United Kingdom to whom those goods may be supplied, and a number of orders have been made.

The United Kingdom has been unable to verify that 300 items have been affected. In any event, the current intent is to confine marking to cases in which they are required for consumer protection and to use the powers to require marking only in exceptional circumstances. The statute specifically provides that there shall be no discrimination against imports in the marking requirements.

It must be emphasized that the origin marking requirement operates only in respect of supplies or offers to supply within the United Kingdom. It is not a condition of entry. But, of course, no goods may be imported which bear a marking which falsely describes their origin.

October 1981
(NTM/INV/I-V/Add.3)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Hungary	Marks of origin	Textile products	Sweden	IV.K.8.1

A. Method

In accordance with the provisions of a Swedish Regulation (entering into force on 1 July 1983), the country of origin has to be indicated on all textile products when imported into Sweden.

B. Effects

C. Comments by the maintaining country

The Regulation does not apply to all kinds of textile products but is limited to clothing only. The provisions of the Regulation come into play at retail level, not at the time of importation. The Regulation thus provides that clothing must be marked with the name of the country where they were manufactured (country of origin) at the time when they are sold commercially to consumers in Sweden. Applying to imported and domestically manufactured clothing alike, the Regulation is of a non-discriminatory character.

September 1983
(NTM/INV/I-V/Add.2)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Austria Canada EEC Hungary Japan Nordic countries	Marks of origin	See text	United States	IV.K.9

A. Method

Section 304 of the United States Tariff Act of 1930, as amended, requires that, unless exempted by a specific or general exemption, any imported article produced abroad must be marked in a conspicuous place as legibly, indelibly and permanently as the article will permit, in order to indicate to the ultimate purchaser in the United States the English name of the country in which the article was manufactured or produced.

A specific list of exemptions for certain articles (the "J-List") is provided in United States marking regulations, and general exemptions are provided which cover, inter alia, articles incapable of being marked, articles for which the ultimate purchaser will necessarily know their origin by reason of the character of the article or of the circumstances of its importation, crude substances, articles for which marking of containers will indicate the origin, articles for use by the importer and not for re-sale, articles produced more than twenty years prior to importation, and articles that cannot be marked prior to shipment without injury or without incurring expense prohibitive of importation.

Containers of the type which reach ultimate purchasers are required to show the origin of the container as well as the contents. This applies regardless of whether or not the contained articles are in themselves exempt from marking.

According to Canada, apart from the general United States requirements for "country of origin" markings, many articles are subject to additional regulations which can be particularly burdensome. These relate to "special marking requirements" that certain products be marked in a specific manner. In certain cases, for instance, marking must be by means of die-casting, etching, engraving, or
by securely attached metal plates. Among the products subject to United States "special marking" requirements are cutlery, surgical and dental equipment, scientific and laboratory instruments, vacuum containers, movements, and various articles which have been the subject of rulings by the Commissioner of Customs. Although not specifically required by law, it is "suggested", as a general rule,
that the "country of origin" on metal articles be die sunk, moulded in, or etched; and on paper articles be imprinted. Such special marking requirements raise costs for exporters and, while more permanent, do not add to the knowledge of the ultimate purchaser.

August 1983
(NTM/INV/I-V/Add.16)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Austria Canada EEC Hungary Japan Nordic countries	Marks of origin	See text	United States	IV.K.9

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According to Canada, under the United States Trade and Tariff Act of 1984, iron or steel pipes and tubes and pipe fittings must be marked by cast-in-mould lettering,
die-stamping, etching or engraving so as to indicate the country of origin. While administrative practice of the United States Customs Service allows alternative means
of marking (e.g. paint stencilling) for specified articles which are not capable of being so marked, all other pipes, tubes and fittings are subject to the onerous requirement to be marked according to the statute.

The United States "marking of origin" requirements have been the subject of numerous Customs rulings. These add complexity to the requirements and can present somewhat of a psychological barrier to exporters. Following is a sample of such rulings:

"Country of origin": In the case of articles which were produced in one country and have undergone further manufacture in another country the "country of origin " for marking purposes depends on whether or not the article has undergone a "substantial transformation". In certain cases, the article may be required to be marked so as to
show the original country of origin, the country in which further manufacture was done, and the type of further manufacture.

Automobiles made in England and overhauled in Canada at a cost about five times their second-hand value were required to be marked to indicate England as their country of origin.

Fabrics woven in one country and dyed or printed in another may require a marking such as "Cloth woven in Russia, Bleached, Dyed and Printed in Canada".

"Prohibitive expense": No case has arisen since 1938 in which an article has been exempted from marking requirements specifically on the basis of prohibitive expense. In one case, where proper marking would increase the production cost of an article by 14 per cent, such an exemption was not granted.

"Legibly, indelibly and permanently": In several instances, other than those specifically provided for in law, the requirement that articles be marked legibly, indelibly, and permanently has been interpreted so as to require special types of marking, such as use of contrasting colours, letters of a specific size, use of certain types of tags or labels, raised lettering, or processes such as moulding, etching, glazing, imprinting, or die-stamping.

February 1987
(NTM/INV/I-V/Add.16)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Austria Canada EEC Hungary Japan Nordic countries	Marks of origin	See text	United States	IV.K.9

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"Containers": Containers of a type usually filled after importation when not imported by the ultimate purchaser (e.g. certain baskets) are required to be marked in such a way as to show that the indicated origin is that of the container and not of the contents.

"Ultimate purchaser": The requirement that marking be for the information of the ultimate purchaser led to a decision that vinyl-clad chain link fencing be marked at intervals of approximately 10 feet of length of rolled fencing. (It was later established that consumers would normally purchase at least a full roll of standard 50 to 100 feet length, and that a country of origin marking for each imported roll would be sufficient). However, certain other articles which are sold to ultimate purchasers by the foot or yard have to be marked at specified intervals.

"Articles usually combined": Marking of articles which are usually combined with other articles after importation but before delivery to an ultimate purchaser must include both "country of origin" and additional words to clearly show the origin of the imported component. For example, labels must be marked with additional descriptive words such as "Label made in Canada".

"English name": In certain cases, the phrase "Made in Canada" rather than simply the word "Canada" is required to indicate country of origin.

The United States imposes heavy penalties if marking requirements are not met. Articles not marked as required are subject to additional duties of 10 per cent of final appraised value of the goods unless exported, destroyed, or properly marked under Customs supervision. These additional duties accrue on the total value of goods, including containers, even in cases where only containers are required to be marked. Marking after importation, under Customs supervision, almost invariably entail significant additional expense, delay, and inconvenience. Shipments which have been released to importers but not liquidated by Customs can be recalled if found to be improperly marked. Failure to return the articles for marking or to have them marked under Customs supervision results in penalties equal to the value of the articles not so marked plus any estimated duty thereon as determined at the time of entry.

February 1987
(NTM/INV/I-V/Add.16)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering

Austria Canada EEC Hungary Japan Nordic countries	Marks of origin	See text	United States	IV.K.9

In addition to United States "marking of origin" requirements in the Tariff Act of 1930, "marking of origin" is sometimes required by professional standards organizations such as the American Society for Testing Materials or the Underwriters Laboratory.

Several Acts administered by the United States Federal Trade Commission also contain "marking of origin" requirements. The Fur Products Labelling Act requires labelling to show the country of origin of any imported furs in a product and also the name of the manufacturers of the importer. The Wool Products Labelling Act requires labelling to show the name of the manufacturer or importer. The Textile Fiber Products Identification Act requires marking to indicate both the name of the manufacturer or importer and also the country of manufacture or processing.

According to Austria, the EEC, Japan and the Nordic countries, where the articles themselves are specially exempted, the marking is required to be shown on containers. Failure to comply involves payment of a penalty amounting to 10 per cent of normal duty. There are in addition special regulations concerning marking of cutlery, scientific instruments and thermos bottles. Moreover, the professional standards organizations are now beginning to set marking requirements as well. For example, American Society for Testing Materials (ASTM) has proposed that certain types of construction steel should carry a stamp in relief at specified intervals showing the country of origin and name of the supplier firm: the EEC succeeded in obtaining a modification to eliminate need to show the country of origin, but considerable cost is still involved in modifying machinery and equipment to produce the required relief stamp for exports to the United States market. Such regulation suggests that the objective is to eliminate competition rather than unfair competition.

According to the EEC, the difficulty stems from the lack of effective governmental control on marking requirements in the steel industry. The ASTM is a producers' organization. Generally, when standards are controlled by public authorities or consumers, the concern is on quality and prices; when control is in producers' hands the emphasis is not in favour of foreign competition.

February 1987
(NTM/INV/I-V/Add.16)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Austria Canada EEC Hungary Japan Nordic countries	Marks of origin	See text	United States	IV.K.9

According to Canada, effective 24 October 1983 articles imported into the United States in bulk which are not required to be marked (save for the bulk containers in which they are contained), if destined for repacking after release from customs custody, must be certified at the time of entry to the United States Customs Service that: (a) if the importer does the repacking the new container must be marked in accordance with applicable law and regulation; or (b) if the articles are sold or transferred, the importer must notify the subsequent purchaser or repacker in writing at the time of sale or transfer, that any repacking of the article must conform to the marking requirements. Failure to comply with the certification requirements may result in the assessment of additional duties and penalties upon the importer.

B. Effects

United States requirements and penalties are excessive and burdensome and constitute a significant barrier to imports. This problem is all the more serious as GATT has adopted a resolution on 21 November 1958 looking toward simplification or standardization of marking requirements. This resolution obviously needs strengthening.

According to Canada, the special marking requirements for iron or steel pipes and tubes and fittings is onerous and, in many cases, the marking methods required are inconsistent with industry standards or practices.

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Austria Canada EEC Hungary Japan Nordic countries	Marks of origin	See text	United States	IV.K.9

The requirement regarding the marking of containers when the imported articles are repacked after importation extends the customs transaction to personnel operating in domestic commerce subsequent to the original customs transaction. This

places a burden, associated only with imported goods, upon companies repacking foreign and domestic goods and which are, in many cases, not a party to the customs transaction.

C. Comments by the maintaining country

The United States considers that the information contained in the notification accurately describes United States requirements for "country of origin" markings on imported goods.

February 1987
(NTM/INV/I-V/Add.16)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Canada	Marking requirement	Seeds	United States	IV.K.9.1

A. Method

The Federal Seed Act (Section 303(a)) requires that imported seeds of alfalfa and red clover must be stained so as to indicate country of origin. The requirement is considered superfluous in view of existing requirements to indicate country of origin under other provisions of United States law.

B. Effects

C. Comments by the maintaining country

February 1987
(NTM/INV/IV)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Canada EEC	Discriminatory licensing of technology		Japan	IV.L.2

A. Method

This notification refers not to import licensing but to commercial contracts for licensing the manufacture of a product, or the use of technical know-how. In the course of bilateral consultations the EEC has received a good deal of further information from Japan. It is its understanding that for virtually all industries, the programme of liberalization has been put into effect and that there is no longer any government intervention in this field. The EEC wishes to verify with its representatives in Tokyo whether the practical implementation of these new measures gives rise to any problems in practice and should this prove not to be the case, it would consider withdrawal of the notification.

B. Effects

C. Comments by the maintaining country

The liberalization of technical assistance contracts started on 1 June 1968 and by 1 July 1974 all industries have been placed in the category in which licensing agreements could be made without any intervention by any administrative branches, other than the Bank of Japan. The validation forms have still to be submitted to the Bank of Japan in order to keep a check on the foreign exchange implications. As a result of this liberalization programme the number of licences granted for technological assistance contracts has increased from 327 in 1960 to 1,916 in 1972.

October 1981
(NTM/INV/I-V/Add.)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Canada EEC	Patent and trademark registration		Japan	IV.L.3

A. Method

According to the EEC, in Japan patents, designs, marks and utility models are not protected unless they have been filed and registered with the competent authorities of that country, regardless of any protection they might enjoy under national or international patents. In this perspective, a producer or exporter wanting to sell a product should carry out all the necessary registrations before entering into business relations with his Japanese correspondents. If he has omitted to do so, he frequently finds that his mark has already been filed, perhaps some years earlier, by a Japanese manufacturer or trader and enjoys full legal protection in that country, but to his disadvantage. It then remains for him either to repurchase his mark, engage as an agent the Japanese who filed the mark in Japan, or buy him out by paying him a percentage of the annual turnover in Japan. If he refuses and cannot prove that he has already exported products to Japan under his mark, the Japanese correspondent can obtain a prohibition from the MITI in respect of any exports that he might wish to despatch to Japan under his mark.

The EEC continues to receive reports of difficulties which European firms have encountered in Japan in this field. The main difficulty arises from the fact that it is over-easy for anyone to register a trademark in Japan and that there appears to be insufficient investigation as to whether the trademark is internationally known. The solution to these problems lies in a greater degree of adherence to international conventions in this field. The EEC asks whether it is true that one firm can file application for a large number of trademarks at the same time.

B. Effects

January 1984
(NTM/INV/I-V/Add.)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Canada EEC	Patent and trademark registration		Japan	IV.L.3

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C. Comments by the maintaining country

The problems raised by the notification should be considered as an inevitable result of the patent system based on the principle of giving priority to the first applicant, this principle with its inevitable result being fairly commonly accepted in many patent systems. It should be noted that Japanese producers or exporters have also suffered and are suffering in countries in which the same principle prevails. This kind of problem, in their opinion, should be considered in the framework of international patent systems and not of non-tariff barriers.

It is an accepted practice in all countries that patents, designs and trademarks have to be registered with the competent authorities before they can be protected. Japan's registration system is based on a "first come first served" principle - a system which is practised by many other countries.

In regard to trademarks, since 1899 Japan is a participant of the Paris Convention which lays down general rules governing the method of protection of trademarks. Article 6 thereof provides for the autonomy of the participant in the protection of trademarks. However, Japan in common with many other countries (including some member States of the EEC) is not a participant of the Madrid Agreement concerning the International Registration of Marks. While the Madrid Agreement, mainly carried out in European countries, may be fit for these countries, it is not acceptable for many other countries due to the differences of the State conditions and legal systems in each country. Thus, Japan, the United States and other countries have not acceded to this Agreement, and instead, the Trademark Registration Treaties have been concluded. On the other hand, Japan intends to accede to the Vienna Trademark Registration Treaty which was signed in June 1973. The delay in Japan's accession is due only to procedural and legal formalities in Japan.

In regard to procedures for registration of trademarks, the Japanese Patent Office always examines whether the trademark is not "well-known among consumers as indicating the goods in connection with another person's business". The Japanese Patent Office makes great efforts to collect foreign material on internationally

January 1984
(NTM/INV/I-V/Add.)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
Canada EEC	Patent and trademark registration		Japan	IV.L.3

known trademarks. Furthermore, the trademark which has been applied for is published in Official Gazettes and remains pending for a period of two months to allow time for possible objections to the registration. The registrations are also circulated to competent authorities in other countries which have entered into a reciprocal information exchange system with Japan.

In regard to patents, there is no discrimination in regard to the nationality of the applicant in respect to industrial purchase.

Japanese firms have also suffered in exactly the same manner from having their own trademarks registered by foreign applicants with foreign patent offices. The main problem in regard to patent and trademark registration arises from differences in national legislation systems. The whole problem should best be taken up in other international fora such as WIPO.

January 1984
(NTM/INV/I-V/Add.1)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
EEC	Copyright legislation, manufacturing clause	Books and periodicals	United States	IV.L.5

A. Method

Books and periodicals in the English language, if written by a citizen of the United States or a resident, are not fully protected by United States copyright unless manufactured in the United States. The harshness of this legislation is somewhat mitigated by the proviso that up to 1,500 copies of a work first published abroad might be manufactured abroad and imported without loss of copyright and that compositing might be done abroad, but with the exception noted actual printing and binding are confined to the United States. Further, revised copyright legislation pending in the United States Congress still contain the restrictive "manufacturing clause".

B. Effects

Copyright protection should not be linked to the conditions of physical manufacture of books. This link creates a de facto prohibition on imports in excess of the permitted quota. The scope of the restriction is broad, including pamphlets and brochures of all kinds and this costs other countries considerable trade where the potential sales of a work published outside the country would exceed the quota. Where the excess might not otherwise warrant reprinting in the United States, this restriction does not even bring any additional work to United States printers and publishers.

This restriction is inconsistent with Article XI and is not covered by any exception in Article XX.

The EEC maintains this notification as long as it is not clear that the United States Congress will in fact observe its commitment to abandon this impediment to trade.

C. Comments by the maintaining country

The United States requests withdrawal of this notification because the Copyright Act of 1976 under Section 601(a) lifts the restriction on the importation and distribution in the United States of copies of works consisting preponderantly of non-dramatic literary material in the English language that have not been manufactured in the United States or Canada, effective 1 July 1982.

September 1982
(NTM/INV/I-V/Add.8)

Notifying country	Non-tariff measure	Product	Maintaining country	Inventory numbering
EEC Korea, Republic of	Section 337 of the United States Tariff Act of 1930		United States	V.F.4

A. Method

Section 337 of the United States Tariff Act, 1930, as amended by the Trade Act, 1974, and the Trade Agreements Act, 1979, provides that unfair methods of competition or unfair acts in the importation of articles into the United States, or in their sale, the effect of which is to destroy, substantially injure, or prevent the establishment of an industry in the United States or to restrain or monopolize trade and commerce in the United States, are unlawful. In the case of violations the International Trade Commission (ITC) can order the exclusion of goods from entering the United States or require the parties violating Section 337 to desist from such violation.

This legislation has so far mainly been invoked in connection with alleged infringement of United States patents by imported merchandise, although it has a broader reach than merely patent cases.

According to the Republic of Korea, Section 337 of the United States Tariff Act, 1930, as amended by the Trade Act 1974 and the Trade Agreement Act 1979, is highly restrictive and discriminatory and thus provides another means for domestic industry to protect itself from import competition in deviation from its original purpose.

B. Effects

1. In the case of an alleged infringemet by another domestic manufacturer, the injured party has available only one remedy: an action under the United Stated patent law before the United States District Courts. In the case of an alleged patent infringement by a foreign manufacturer, United States manufacturers have two legal remedies open to them: either an action under the United States patent law (before United States District Courts), or an action under Section 337 before the ITC, and they can use either of these two remedies alternatively, concurrently or in succession.

As the normal patent law already provides domestic producers with adequate protection against any infringement, the further protection afforded by Section 337, solely applicable to imports, constitutes in itself a discrimination.

This discrimination is made worse by the fact that certain aspects of the procedure under this legislation make it less favourable to importers of foreign merchandise than the procedure under the patent law.

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The quasi-judicial nature of the proceedings, combined with the severity of the time constraints, places a foreign respondent at a serious disadvantage, notably in the first few weeks of an investigation; discovery can start soon after initiation of the investigation, and foreign respondents are faced with the burden of simultaneously answering the allegations of the complaint, responding to requests for depositions and production of documents (which are usually in a foreign language and must therefore be translated), and preparing their own requests for discovery. During the discovery, parties do not have to seek leave from the Administrative Law Judge before requesting documents or depositions. There are no limits on the number of witnesses who may be called to testify or the documents which may have to be produced. Failure to comply within strict time limits may lead to sanctions by the Administrative Law Judge. This situation is further aggravated in cases where United States manufacturers request a temporary exclusion order; time limits for discovery are compressed even further at the outset of the proceedings, although the scope of such discovery is essentially the same as in the final investigation.

The cost of preparing a good defence becomes inordinately high as law firms must employ several attorneys at the same time to meet the deadlines.

The procedure before the ITC is not conducted with the same degree of rigour as before United States courts. In particular, the rules followed by ITC Administrative Law Judges are parallel to, but not always identical with, the Federal Rules of Civil Procedure and the Federal Rules of Evidence, notably regarding hear-say evidence.

The ITC can impose an exclusion order "in rem", which may affect foreign firms which were not even party to the proceedings, obliging them to demonstrate their "innocence" in order to continue their exports to the United States, thus reversing the onus of proof.

Furthermore, foreign firms are exposed to the risks of facing both ITC and United States court proceedings on virtually the same grounds. The report of the Senate Finance Committee on the Trade Act of 1974 states that "the Commission's findings, neither purport to be, nor can they be regarded as a binding interpretation of the United States patents law, in particular factual context".

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As a result, ITC determinations favourable to the respondent do not insulate it from future United States District Court litigation, nor do they protect non-parties to this investigation from future Section 337 actions, based on the same patents as were at issue in the initial case.

For all these reasons (short time limits combined with the extreme complication of the issues raised by such cases, costs and also the sweeping nature of the remedy)
Section 337 can be used to harass foreign manufacturers or to intimidate them into accepting a settlement or giving up the United States market, - notably, if they are small - even though they may not be infringing a United States patent.

2. Moreover, Section 337 has a wider reach than just patents; it is intended to provide a catch-all for cases where traditional or more familiar courses of action are not available. Domestic United States interests have tried to use this legislation, in conjunction with other statutes on unfair trade, against allegedly unfair practices, other than patent infringement, to harass foreign competition.

Section 337 was notified to the United States in the course of the MTNs. The United States, to comply with the new Subsidies Code (Article 19, paragraph 1), agreed to amend its legislation to remove the duplicative effect of this legislation. As a result, a Section 337 action cannot be brought if it is based solely on alleged acts within the purview of the anti-dumping or countervailing duty laws.

However, Section 337, as now drafted, does not, in the Community's view, completely protect importers from concurrent actions under Section 337 and other unfair trade statutes based on essentially the same facts but alleging different elements of unfair trade practices. It leaves open the possibility of continued multiple investigations and penalties.

According to the Republic of Korea, in 1983 alone, when protectionist pressure was unusually high, four petitions were filed against Korean goods under Section 337 whereas there had been no such petition until 1982.

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C. Comments by the maintaining country

Section 337 of the Tariff Act of 1930 provides that unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are declared to be unlawful.

The United States International Trade Commission (ITC) conducts a full investigation that includes public hearings in which all interested parties, including foreign governments, are provided with an opportunity to present their views. If the ITC, following its investigation, finds that a violation of the statute exists, it may order that the articles concerned, imported by any person violating the provisions of the section, be excluded from entry into the United States. In lieu of excluding the articles involved from entry into the United States, the ITC may order the person violating the section to cease and desist from engaging in the unfair methods or acts involved. All final determinations of the ITC are subject to review by the Court of Customs and Patent Appeals if any party that is adversely affected files an appeal.

The majority of investigations under this statute have concerned allegations of patent infringement.

Section 337 provides a means for owners of the exclusive rights to manufacture and sale covered by a United States patent to enforce those rights effectively. While a patent owner theoretically might seek enforcement of those rights in a United States district court, that is not a realistic course of action, because of the difficulty of obtaining personal jurisdiction over foreign parties in United States courts and of enforcing injunctions against them. Only where a patent owner wishes to seek damages for past infringement in addition to seeking an injunction against future infringement of its patent and where there are sufficient contacts in the United States by the foreign infringer to establish jurisdiction will that patent owner bring an action in a United States court.

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If a patent owner were successful in such a United States district court action against a particular infringer, it would seek no Section 337 action against that same foreign party absent a violation of the injunction. The injunction would remove the necessity for an exclusion order against products of that foreign party.

If a patent owner were unsuccessful in a United States district court action because the court found its patent to be invalid, it would have no cause of action under Section 337. The patent would be unenforceable both in other United States district courts and in the ITC.

If a patent owner were unsuccessful because a United States district court had found that the patent was not infringed, it would not seek further action before the ITC against the same parties. The court determination would act as a prior judgement on the merits and would prevent other causes of action on the same issues involving the same parties from being heard.

The comment by the EEC that Section 337 is intended to provide a catch-all for cases where traditional or more familier courses of action are not available is inaccurate. The provision is designed to provide a remedy for unfair methods of competition and unfair acts directly related to the importation of articles or to the sale of imported articles where the difficulty of obtaining jurisdiction over foreign parties, or over numerous, constantly changing importers, and of enforcing judgements makes court action ineffective.

The comment by the EEC that Section 337 is used to harass foreign competitors is unaccompanied by any substantiation. In the eight years since the statute was amended to give the ITC authority to make determinations and provide remedies,
121 cases have been initiated. That number does not indicate that the statute is being used with undue frequency as would be the case were it used for harassment.

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