

Basics of
International
Intellectual
Property Law

G. Gregory Letterman



Transnational Publishers, Inc.

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To my wife, Katherine Hawkins Letterman

FOREWORD

Intellectual property is of ever increasing commercial importance. For modern businesses and creators of potential intellectual property, **international** protection and utilization of intellectual property is no longer an option but a necessity if that intellectual property is to be effectively protected and used **anywhere**. The law regarding intellectual property is extremely complex and is growing even more complex. When a global scope of consideration is given to the law of intellectual property, there is both good and bad news. The bad news is that “international” law was once almost completely segmented strictly according to national boundaries, was once virtually incomprehensible due to the many national variations and idiosyncrasies in it, and was once so unwieldy as to be almost unusable for any effective program of global protection and utilization of intellectual property. The good news is that the bad news has changed greatly in the last couple of decades. There is now, and almost certainly increasingly will be, greater harmonization of national intellectual property laws and practices and more frequent imposition of multilateral global rules regarding intellectual property. This has been largely, but not entirely, the result of multilateral agreements with broad—sometimes almost universal—membership.

This book will explain to you what intellectual property is and describe its international dimension. It will enumerate and describe the principal multilateral and international institutions and the major treaties, conventions, and agreements that play a role in the international harmonization of intellectual property law and practice. It will then examine in greater detail each type of intellectual property in its international context. Finally, it will offer descriptions and advice on the international commercial utilization of intellectual property and on methods to effectively protect that intellectual property internationally.

As the first in a series on international commercial law topics to be published by Transnational Publishers, Inc. with G. Gregory Letterman as author or co-author, this book establishes the format and methodology for those that follow. All will begin with the words “Basics of.” The nature and degree of detail of their coverage is re-

flected in the common start of each of their titles. The full range of topics to be included in this series remains fluid. Consequently, those with suggestions for topics for subsequent books in the series are invited to contact Mr. Letterman through Transnational Publishers.

As is the case with all other books in the series, this book will not—and could not in its limited length—treat all aspects of its general topic; all the details of specific topics subsumed within its larger topic; or post-publication developments regarding the topic. The targeted reader of this book will be a practicing attorney, a law student, or a person engaged in international commercial dealings. The book is intended to be—and should be used by the reader as—an introduction to the topic which will permit him or her both (a) to be informed regarding the basic issues involved in international intellectual property and (b) to use that understanding to formulate informed questions for legal counsel, to engage in independent research on details and recent developments regarding particular aspects of international intellectual property law and practice, and to contact appropriate organizations with special relevance to international intellectual property matters.

This book will not suffice as the reader's **only** guide to the law of international intellectual property. It will serve as an effective large-scale map of the topic from which the reader may identify and understand the narrower areas of particular interest to him or her. Once the reader has oriented himself or herself in this manner, subsequent resort to the many and excellent information resources available on relevant detailed aspects of international intellectual property is appropriate and should prove more efficient and fruitful for a reader who made preliminary use of this book before engaging in further inquiries.

G. Gregory Letterman
Kansas City, MO
February 1, 2001

TABLE OF ABBREVIATIONS, ACRONYMS, AND SHORTENED NAMES

Andean Pact	A trading bloc of some countries lying along the South American Andes Mountains
APEC	Asia-Pacific Economic Cooperation Council
ARIPO	African Regional Industrial Property Office, administered by the African Regional Industrial Property Organization
ASEAN	Association of Southeast Asian Nations
Benelux Countries	Belgium, Netherlands, and Luxembourg, that have created uniform IP laws and institutions that apply within and among themselves
Berne Union/ Berne Convention	Berne Union for the Protection of Literary and Artistic Works under the Convention for the Protection of Literary and Artist Works, and Revisions Thereto
Brussels Convention	Brussels Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite
Budapest Union/ Budapest Convention	Budapest Union for the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure under the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure
CIS	Commonwealth of Independent States made up of former republics of the now defunct Union of Soviet Socialist Republics ("U.S.S.R." or "Soviet Union")
Community Patent Convention	(European) Community Patent Convention

EAPO	Eurasian Patent Organization
EEA	European Economic Area composed of the EU and European countries that entered into agreements of close economic affiliation with the EU
EPC	European Patent Convention/The Convention on the Grant of European Patents of 1973
EPO	European Patent Organization administering the EPC
EU	European Union
FTAA	Proposed Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
Geneva Convention	Geneva Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of Their Phonograms
Hague Union/ Hague Agreement	Hague Union under the Agreement Concerning the International Deposit of Industrial Designs and its Regulations
ICANN	Internet Company for Assigned Names and Numbers
ILO	International Labor Organization
IP	Intellectual Property
IPC	(See "Strasbourg" below)
ITC	U.S. International Trade Commission
Madrid Agreement	Madrid Agreement for the Repression of False and Deceptive Indicators of Source on Goods
Madrid Arrangement/ Madrid Union	Madrid Agreement Concerning the International Registration of Marks/the Madrid Protocol of 1989/Regulations under the Arrangement and Protocol/Madrid Union for the International Registration of Marks

Lisbon Union/ Lisbon Agreement	Lisbon Union under the Agreement for the Protection of Appellations of Origin and Their International Registration and Its Regulations
Locarno Union/ Locarno Agreement	Locarno Union under the Locarno Agreement Establishing an International Cooperation Classification for Industrial Designs
MERCOSUR	Southern Cone Common Market (an acronym for <i>Mercado Comun del Sur</i> in Spanish or <i>Mercado Comùn del Cono Sul</i> in Portuguese), a trading bloc of some southern South American countries
MFN	Most-Favored-Nation
NAFTA	North American Free Trade Agreement
Nairobi Treaty	Nairobi Treaty on the Protection of the Olympic Symbol
Nice Agreement/ Nice Union	Nice Union under the Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks
Nordic Council	A somewhat informal organization of Åland Island, Bouvet Island, Denmark, the Faroe Islands, Finland, Greenland, Iceland, Jan Mayen Island, Norway, the Svålbård Islands, and Sweden which in some areas, including IP, creates uniform laws and institutions applicable within and among its members
OAPI	African Intellectual Property Organization/ <i>Office Africain de la Propriete Intellectuelle</i>
OAS	Organization of American States under whose auspices many “Interamerican” treaties and conventions are drafted and/or administered
OECD	Organization for Economic Cooperation and Development

Paris Convention/ Paris Union	Paris Union for the Protection of Industrial Property
PCT	Patent Cooperation Treaty
PLT	Patent Law Treaty
Rome Union/ Rome Convention	Rome Union under the Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations
SIECA	General Treaty for Central American Integration
Strasbourg Agreement/ Strasbourg Union	Strasbourg Union under the Agreement Concerning the International Patent Classification (sometimes called by the acronym "IPC")
Trademark Law Treaty	Trademark Law Treaty for the Simplification of Formalities before Trademark Registries and Its Regulations
TRIPs	Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, of the WTO Agreement, Annex 1C
U.K.	United Kingdom of Great Britain and Northern Ireland
U.N.	United Nations
UNCTAD	U.N. Conference on Trade and Development
UNESCO	U.N. Educational, Scientific, and Cultural Organization
UCC	Universal Copyright Convention
UPOV Convention	International Union for the Protection of New Varieties of Plants/ <i>Union pour la Protection des Obtentions Végétales</i> , an intergovernmental organization administering the International Convention for the Protection of New Varieties of Plants

Uruguay Round	Uruguay Round of GATT negotiations culminating in the WTO Agreement, its Marrakesch Agreement, and a greatly revised version of GATT
U.S.	United States of America
USCFTA	U.S.-Canada Free Trade Agreement
USPTO	U.S. Patent and Trademark Office
USTR	U.S. Office of the Trade Representative
Vienna Agreement/ Vienna Union	Vienna Union under the Agreement Establishing an International Classification of the Figurative Elements of Marks
Washington Treaty	Washington Treaty on Intellectual Property in Respect of Integrated Circuits
WIPO	World Intellectual Property Organization, “OMPI” in Spanish and French
WIPO Convention	Convention Establishing WIPO of 1967 (with proposed amendments of December 12, 2000)
WIPO Copyright Treaty	WIPO Copyright Treaty for the Protection of Certain Rights in Certain Works
WIPO Performances/and Phonograms Treaty	WIPO Performances and Phonograms Treaty for the Protection of the Rights of Performing Artists in Their Live Performances and in the Aural Fixations of Their Performances and the Protection of the Rights of Producers of Phonograms in Their Phonograms
WTO	World Trade Organization

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Chapter I: Intellectual Property ("IP") Generally

What is Intellectual Property?

Intellectual Property ("IP") is generally (some types of "know how" may have no basis in a formal legal right) a legal property right in an intangible idea, although the idea may be expressed, demonstrated, or utilized in a tangible form. To be more specific, IP refers to such creations of the mind as inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

IP rights are significant sources of income and asset appreciation for modern businesses. Their degree of importance is soaring. Manufacturers and other commercial interests are increasingly aware of the importance to their businesses of their IP, especially in an international setting.

IP is used by owners and licensees to produce or market products and services that may not be replicated exactly or produced or marketed in precisely the same way by their unlicensed competitors due to the legal right to deny others the use of that IP recognized to be within the exclusive possession of the IP owners. Such right of owners to exclude others from using IP without a license from the owners is generally the greatest significant economic benefit to the IP owners of their IP.

There are economic consequences of the possession of IP in addition to those gained from the exclusive utilization of that IP in commercial products and processes. IP may be capitalized and carried on corporate books as an asset which will be of importance in the event of corporate mergers and sales, may be used as an asset contribution to joint ventures or strategic alliances, and may be transferred to a subsidiary within a corporate organization to maximize tax advantages. IP may also be sold or licensed to others in exchange for monetary payments or other benefits to the IP owner.

To a great extent, however, IP is valuable only when and to the extent that the law recognizes an owner's legal right to it. Obtaining that legal right may not always be simple, quick, or cheap. Such impediments to obtaining legal rights to IP frequently deter many from obtaining legal right to IP.

It is prudent to only obtain IP protection under law where it is economically advantageous to do so. Unfortunately, it is not always easy to determine the commercial significance of or applications for much newly discovered IP at the time it is created or of marketing IP when it is first proposed. The commercial value of many items of IP, such as a particular trademark or patentable pharmaceutical, may only be determined after the thorough commercialization of products using or incorporating it. Consequently, company programs to identify and protect IP on a selective and cost-effective basis often prove difficult to implement. Despite those difficulties, implementation of such a program is essential because of the great commercial importance for almost every modern company or individual creator of its, his, or her IP.

There is nothing intrinsic in the existence of a proprietary right to an idea as there could be argued to be in the case of a tangible object. A property right of sorts has been created by legal fiat in something which is not intuitively "ownable." IP is, after all, essentially "ideas." Those ideas may sometimes be quite abstract or may at other times be very practical and immediately applicable.

A person may clearly exercise exclusive and full control over an item of tangible property, such as a horse or a plot of land, and the role of the state is seemingly to merely provide a means by which such control may be maintained through legal procedures established by the state rather than through the violent self-help of the ostensible owner. As long as the owner maintains control over the item, all others are foreclosed from making any use of it. Were the owner's exclusive rights over the physical item not to be effectively asserted regarding it and were some other person allowed to usurp those rights by taking the item permanently or temporarily or making other use of it, the owner would be denied use of the property for whatever period or to whatever degree the other had commandeered it. Two persons may not simultaneously fully and unqualifiedly use a single tangible object.

In the case of an idea, by contrast, the use by another of an idea does not diminish the ability of the formulator of the idea to simultaneously fully use the idea for whatever purpose the formulator chooses. Further, in many instances the effective profitable use of an idea by the formulator necessarily involves its disclosure to others who then may fully comprehend and utilize it in competition with the formulator. This places the formulator in the situation of being compelled to either (a) not commercially exploit the idea in order to maintain its secrecy or (b) to use it and thereby share it with all others without receiving any compensation for the use by others of the idea.

It is not the ability of the formulator of an idea to use that idea that constitutes the IP right. Even without the creation of a separate legal right, no one challenges the formulator's ability to use—or not use—his or her creation. It is the ability of the formulator to limit the use by others of the idea that constitutes the legal property in IP.

The fundamental concept to bear in mind when thinking of “intellectual property” is that, as “property,” it does not exist except as specially provided for by law. Various national laws provide for it very differently or not at all. The corollary to this concept is that IP is not protected beyond the limits of the writ of the law that created it. Consequently, an idea that is patented only, for example, in the United States is an idea that is free for anyone to exploit outside the boundaries of that country.

A right in IP exists, if it exists, only because the state has chosen to grant it. If a state has not made such a grant, then no property right in an idea exists and the idea may be used by any party for any purpose without recourse by whomever first came up with the idea. In each case where an IP right exists, a government awards a limited monopoly to a private party which empowers that party to prevent others from using, or to license others to exploit, some intangible item. Nonetheless, limitations may be imposed on the IP right's owner's ability to not use and to prevent others from using the protected IP right under some circumstances.

Two things qualify the above categorical assertion regarding the existence of defensible IP rights only as a consequence of national laws. The first mitigating qualification is that there are many multilateral agreements dealing with IP which permit the creator of what might be protected as IP to exercise certain multinational rights with regards that IP on the basis of a single act in one country that is party to a multilateral agreement. These agreements further provide the creator of potentially protected ideas with a certain international uniformity in any rights regarding that IP. The second mitigating qualification is the fact that the formulator of IP may use self-created legal and practical devices, such as contractual language and the withholding to the public, to consumers, or to commercial contracting parties of critical details of some IP or its implementation, which operate to legally prevent parties to whom IP is disclosed or licensed from misusing or improperly disclosing IP or to practically bar a recipient from using the IP unless the critical missing details are supplied by the IP's formulator.

IP is often divided into several broad categories, but the way such division is made varies greatly depending upon the person mak-