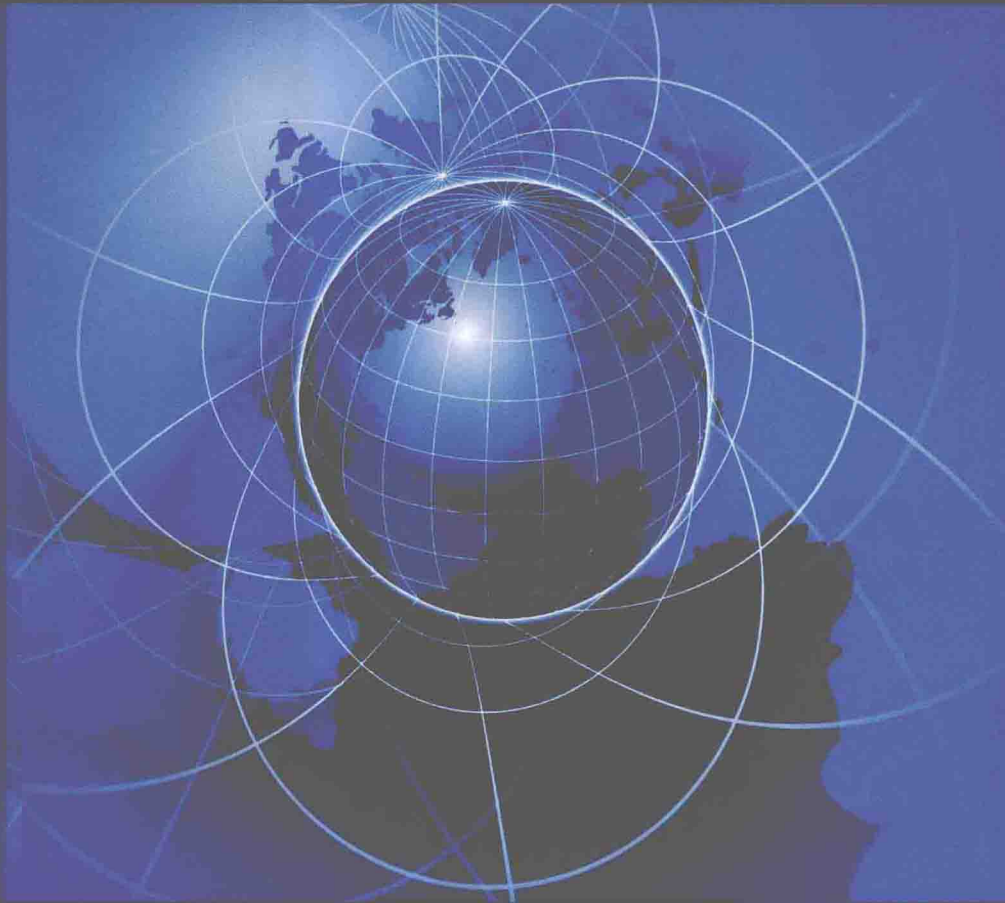




Research Handbook on the Interpretation and Enforcement of Intellectual Property under WTO Rules

Intellectual Property in the WTO Volume II

Edited by **Carlos M. Correa**



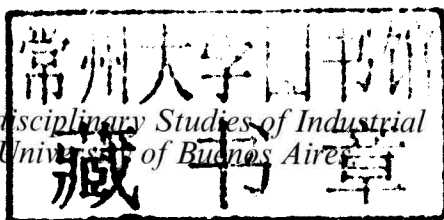
Research Handbook on the Interpretation and Enforcement of Intellectual Property under WTO Rules

Intellectual Property in the WTO
Volume II

Edited by

Carlos M. Correa

*Director, Center for Interdisciplinary Studies of Industrial
Property and Economics, University of Buenos Aires,
Argentina*



RESEARCH HANDBOOKS ON THE WTO

Edward Elgar

Cheltenham, UK • Northampton, MA, USA

© The Editor and Contributors Severally 2010

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical or photocopying, recording, or otherwise without the prior permission of the publisher.

Published by
Edward Elgar Publishing Limited
The Lypiatts
15 Lansdown Road
Cheltenham
Glos GL50 2JA
UK

Edward Elgar Publishing, Inc.
William Pratt House
9 Dewey Court
Northampton
Massachusetts 01060
USA

A catalogue record for this book
is available from the British Library

Library of Congress Control Number: 2009941281



Mixed Sources

Product group from well-managed
forests and other controlled sources
www.fsc.org Cert no. SA-COC-1565
© 1996 Forest Stewardship Council

ISBN 978 1 84980 107 2 (cased)

Printed and bound by MPG Books Group, UK

**RESEARCH HANDBOOK ON THE
INTERPRETATION AND ENFORCEMENT OF
INTELLECTUAL PROPERTY UNDER WTO
RULES**

RESEARCH HANDBOOKS ON THE WTO

This timely series of *Research Handbooks* analyses the interface between international economic law and other disciplines at the centre of current debate about the role and impact of the WTO. Each volume is edited by a prominent expert at the heart of this debate and brings together original contributions from an internationally recognisable cast of leading scholars and practitioners.

These *Handbooks* will be essential reference tools for academic researchers and doctoral students as well as for policy-makers and practising lawyers.

Future titles will include:

Research Handbook on Environment, Health and the WTO
Edited by Geert Van Calster

Research Handbook on the WTO Agriculture Agreement
Edited by Joseph McMahon and Melaku Desta

Contributors

Ermias Tekeste Biadgleng is a legal expert at the United Nations Conference on Trade and Development (UNCTAD).

Christophe Charlier is economist and Maitre de Conférences at Nice – Sophia Antipolis University.

Susy Frankel is Professor of Law at Victoria University of Wellington, New Zealand.

Xuan Li is a legal expert at the Secretariat of the International Treaty on Plant Genetic Resources for Food and Agriculture, Rome.

Viviana Muñoz Tellez is Programme Officer at the South Centre, Geneva, Switzerland, and a PhD student at the Ecole Polytechnique Federale de Lausanne, Switzerland in the field of economics of innovation.

María Julia Oliva is Senior Adviser on Access and Benefit Sharing at the Union for Ethical BioTrade.

Pedro Roffe is Senior Fellow at the International Centre for Trade and Sustainable Development (ICTSD), Project on Intellectual Property and Sustainable Development.

Maximiliano Santa Cruz is Director of the National Institute of Industrial Property of Chile.

Joshua D. Sarnoff is Associate Professor at DePaul University College of Law.

Dalindyebo Shabalala is Assistant Professor at the University of Maastricht Faculty of Law.

Christoph Spennemann is a Legal Expert in the Intellectual Property Team, Policy Implementation Section, Division on Investment and Enterprise, UNCTAD.

David Vivas-Eugui is Deputy Programmes Director at the International Centre for Trade and Sustainable Development (ICTSD).

Preface

Carlos M. Correa

The Ministerial Conference that launched the GATT Uruguay Round in 1986 adopted an ambiguous mandate to initiate negotiations on intellectual property rights (IPRs), one of the 'new issues' to be addressed by the Contracting Parties. The proponents of such negotiations advocated the adoption of a comprehensive instrument that would supplement pre-existing international conventions on IPRs. They stressed that new international standards on the matter should not only ensure the availability but also the means to enforce conferred rights. An innovative feature of the proposed instrument was, hence, a detailed set of provisions on the enforcement of IPRs.

The relationship of the provisions of the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) with the international conventions it is based on, as well as its relationship with other components of the World Trade Organization (WTO), has raised a number of specific interpretive issues. Panels and the Appellate Body were called on to provide interpretations of century-old conventions, and to decide on the extent to which prior GATT jurisprudence (elaborated in relation to the trade in goods) could be applied to the protection of intangible property.

While the task of the WTO dispute settlement body in dealing with TRIPS issues has been challenging, Members bound to implement the TRIPS obligations at the national level faced a considerable burden. The broad coverage of the Agreement, in terms of both substantive and enforcement standards, required a complete overhauling of IPRs legislation in many countries. Moreover, as a result of strong divergences during the negotiations, the Agreement ended up with a number of ambiguities, often the price paid to reach a compromise, that required proper interpretations for the incorporation of the TRIPS obligations into national laws.

This *Handbook* offers studies, elaborated by a group of distinguished academics and IPRs experts, on the main issues raised by the interpretation and enforcement of some of the key TRIPS obligations. This volume provides an indispensable complement to the *Research Handbook on the Protection of Intellectual Property under WTO Rules: Intellectual Property in the WTO Volume I*, which addresses the origins, history and substantive provisions of the Agreement. As with Volume I, a basic objective of this *Handbook* is to provide a source of high quality original reference

for research, teaching and professional practice on WTO-related issues concerning intellectual property protection. It is intended to offer a state-of-the-art overview in this complex area. Although it is not intended to be used as a textbook, it would be useful for advanced and postgraduate students as reference points, as well as for scholars and policy-makers.

This volume starts with a much-needed analysis of the applicability of GATT jurisprudence to the interpretation of the obligations contained in the TRIPS Agreement. It then offers a detailed discussion about the implementation of two of the main enforcement measures mandated by the Agreement: injunctions and border measures. A subsequent chapter is devoted to the conditions (concerning IPRs) under which new WTO members have been admitted since its creation in 1995. The remainder of the book consists of detailed analyses of the main rulings adopted under the Dispute Settlement Understanding concerning the TRIPS Agreement. Cases involving geographical indications, copyright, patents and test data are examined.

I am immensely thankful to the authors for their contributions. I am sure the readers will also appreciate their effort and the quality of the materials presented in this volume.

Carlos M. Correa

Contents

<i>List of contributors</i>	vii
<i>Preface</i> Carlos M. Correa	viii

INTERPRETATION, ENFORCEMENT AND IMPLEMENTATION

1. The applicability of GATT jurisprudence to the interpretation of the TRIPS Agreement <i>Susy Frankel</i>	3
2. TRIPS-plus-plus initiatives on broad border measures: features and implications <i>Xuan Li</i>	24
3. Lessons from the United States in regard to the recent, more flexible application of injunctive relief <i>Joshua D. Sarnoff</i>	48
4. Accession to the WTO, intellectual property rights and domestic institutions <i>Ermias Tekeste Biadgleng</i>	80
5. The WTO dispute on trademarks and geographical indications: some implications for trade policy-making and negotiations <i>David Vivas-Eugui and María Julia Oliva</i>	122
6. United States – Section 110(5) of the US Copyright Act: summary and analysis <i>Dalindyebo Shabalala</i>	142
7. WTO panel on United States – Section 110(5) of the US Copyright Act <i>Maximiliano Santa Cruz</i>	191
8. Dispute settlement under the TRIPS Agreement: the United States–Brazil (2000) and United States–Argentina (2002) patent disputes <i>Viviana Muñoz Tellez</i>	215
9. Canada – patent protection of pharmaceutical products <i>Pedro Roffe and Christoph Spennemann</i>	237

10. Mandatory regulation versus discretionary regulation, unilateralism, and national treatment: an analysis of the <i>United States – Section 211 Omnibus Appropriations Act of 1998</i> dispute <i>Christophe Charlier</i>	283
<i>Index</i>	299

INTERPRETATION, ENFORCEMENT AND IMPLEMENTATION

1 The applicability of GATT jurisprudence to the interpretation of the TRIPS Agreement

Susy Frankel

1. Introduction

To assess the applicability of interpretations of GATT¹ to the TRIPS Agreement² it is necessary to examine the relationship between those agreements. The relationship between the TRIPS Agreement and other WTO agreements is complex. Structurally, the relationship is that the GATT, GATS³ and the TRIPS Agreement are the main annexes of the WTO Agreement.⁴ The TRIPS Agreement preamble, among other broad statements of intention, says that the members recognised the ‘need for new rules and disciplines concerning . . . the applicability of the basic principles of GATT 1994’ to the TRIPS Agreement. When the TRIPS Agreement was first in force, this preamble made sense as there were established practices and understandings about the operation of GATT 1947. The new WTO Agreement, including TRIPS, was established to develop and change the original GATT 1947, particularly the process of dispute settlement. However, GATT disputes were the known source of discussion of trade principles and WTO panels and the Appellate Body referred to them, particularly in the earlier disputes brought to the WTO.⁵

¹ General Agreement on Tariffs and Trade 1994, Marrakesh Agreement Establishing the World Trade Organization (‘WTO Agreement’), Annex 1A, Article XX, 15 April 1994, 1867 UNTS 187, 33 ILM 1153 (1994) (‘GATT’).

² Agreement on Trade-related Aspects of Intellectual Property Rights, 15 April 1994, Marrakesh Agreement Establishing the World Trade Organization (‘WTO Agreement’), Annex 1C, 33 ILM 1197, 1198 (1994) (‘TRIPS Agreement’).

³ General Agreement on Trade in Services, WTO Agreement, Marrakesh Agreement Establishing the World Trade Organization (‘WTO Agreement’), Annex 1B, 1869 UNTS 183, HR Doc. No. 103–316, at 1588 (‘GATS’).

⁴ Marrakesh Agreement Establishing the World Trade Organization (‘WTO Agreement’).

⁵ In *Japan – Taxes on Alcoholic Beverages*, the Appellate Body said, ‘Article XVI:1 of the WTO Agreement and paragraph 1(b)(iv) of the language of Annex 1A incorporating the GATT 1994 into the WTO Agreement bring the legal history and experience under the GATT 1947 into the new realm of the WTO in a way

The same preamble passage refers to the relevance of international intellectual property agreements or conventions relating to the operation of the TRIPS Agreement. International intellectual property agreements fall into two broad categories. The first is agreements that set out substantive law standards and the second is harmonisation of certain principles relating to international registration of trademarks and patents. The TRIPS Agreement preamble reference, to international intellectual property agreements, is directed to substantive law agreements and most particularly to those that are incorporated into the TRIPS Agreement. The incorporated agreements are the Berne Convention,⁶ Paris Convention,⁷ Rome Convention⁸ and the Treaty in Intellectual Property in Respect of Integrated Circuits.⁹

The Paris Convention and Berne Convention have been in force since the late 19th century and provide substantive law minimums in the fields of trademarks, patents, designs and copyright. Thus, at the time of the negotiation and entering into force of the TRIPS Agreement, intellectual international property law was well established. However, the creation of the WTO led to significant changes regarding the internationalisation of intellectual property. Prior to the WTO, the linkage between trade and intellectual property was not the subject of international agreement in the same direct way. The involvement of the WTO in dispute settlement over the TRIPS Agreement and ongoing negotiations about intellectual property rights has changed the international face of intellectual property. The TRIPS Agreement minimum standards are higher standards and the flexibilities are more stringently confined than in previous international agreements. Compliance with the agreement is subject to dispute settlement and

Footnote 5 (*cont.*)

that ensures continuity and consistency in a smooth transition from the GATT 1947 system. This affirms the importance to the Members of the WTO of the experience acquired by the CONTRACTING PARTIES to the GATT 1947 – and acknowledges the continuing relevance of that experience to the new trading system served by the WTO. Adopted panel reports are an important part of the GATT acquis.²²

⁶ Berne Convention for the Protection of Literary and Artistic Works, 24 July 1971 (Paris text), 1161 UNTS 3, 102 Stat. 2852, ('Berne Convention').

⁷ Paris Convention for the Protection of Industrial Property (Stockholm text 1967), 828 UNTS 305, 308 ('Paris Convention').

⁸ International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, 26 October 1961, 496 UNTS 43 ('Rome Convention').

⁹ Treaty in Intellectual Property in Respect of Integrated Circuits, 26 May 1989.

possibly trade retaliation if any dispute settlement recommendations are not complied with.¹⁰ This chapter examines those changes in the context of the relationship between the TRIPS Agreement and the GATT and specifically the applicability of GATT jurisprudence to the interpretation of the TRIPS Agreement.

It has been almost 15 years since the TRIPS Agreement came into force and its relationship with the GATT has developed in that time.¹¹ The relationship between the agreements has been discussed in dispute settlement and in negotiations in the TRIPS Council. As the role of TRIPS has become more widely understood, it has become clear that its relationship with other trade agreements may not be what it should be. While the GATT and GATS agreements have as their overall goal the liberalisation of trade, the protection of intellectual property is a different goal that sometimes works as a trade barrier, rather than as a liberalising tool. This feature of intellectual property was known when the TRIPS Agreement was completed, but the rhetoric that intellectual property protection, within the WTO, was necessary to prevent counterfeiting in the global world won the day.¹² Also, there continue to be concerns over the impact of the TRIPS Agreement on innovation and technology transfer, particularly in developing countries. The flexibilities in the TRIPS Agreement have not produced results that really assist in development of local innovation and technology transfer. It seems likely that the exceptions to exclusive intellectual property rights are not strong enough to achieve those goals. A comparison can be made with exception in the GATT and GATS. However, there are many more GATT decisions where the flexibilities have not been successfully invoked compared with its successful applications.¹³ The real difficulty is that the protection of intellectual property, in the form of the TRIPS Agreement, creates some barriers to trade and that as those protections increase, the barriers to trade and technology transfer, and even innovation, become greater. Members of the WTO have agreed

¹⁰ Panels and a standing Appellate Body and the rules of dispute settlement and enforcement were established by the Understanding on Rules and Procedures Governing the Settlement of Disputes, 15 April 1994, WTO Agreement Annex 2 (1994), 1869 UNTS 401, HR Doc. No. 103-315, at 1654 ('DSU').

¹¹ The TRIPS Agreement came into force on 1 January 1995 along with all of the WTO agreements.

¹² See generally Susan Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (Cambridge, UK: Cambridge University Press, 2003), ('*Globalization of Intellectual Property Rights*') pp. 75–94.

¹³ Of course, statistics of outcomes of disputes don't reveal the cases that are not brought because of the likelihood that the criteria of flexibility have been met and the measure at issue will stand up before a tribunal.

that the TRIPS Agreement minimums are a kind of acceptable barrier.¹⁴ Under the GATT Agreement, members agree that tariffs are an acceptable trade barrier as long as they are progressively lowered.

When the TRIPS Agreement was negotiated, its critics questioned the linkage between trade and the protection of intellectual property rights.¹⁵ At the heart of the linkage question is that intellectual property rights can be a barrier to international trade because the assertion of an intellectual property right can stop the free flow of goods or services. This function of intellectual property is fundamentally in conflict with the WTO aim of the liberalisation of trade. Intellectual property protection is important, but excess intellectual property standards are often a form of protection of domestic industries. Additionally, the TRIPS Agreement is a fundamentally different type of Agreement from both GATT and GATS. TRIPS is an agreement that requires members to implement its minimum standards of legal protection, as compared to GATT, which is primarily directed at converting non-tariff barriers to tariff barriers and then progressively negotiating the reduction of tariffs. Both GATT and GATS are market access agreements because they prohibit certain types of restrictions on market access. In contrast, the TRIPS Agreement requires countries to enact intellectual property laws to control the market in products, such that intellectual property rights protect rather than liberalise access to it. These core differences may mean that in some situations GATT jurisprudence seems fundamentally unsuitable to interpretation of the TRIPS Agreement. However, as the TRIPS Agreement is part of the WTO, the interpretation of the agreement ought to be consistent with the WTO trade-liberalising goal.

Section 2 discusses some core differences in structure and object and purpose of the TRIPS Agreement compared with GATT and GATS. That part discusses the use of GATT jurisprudence in the interpretation of the core non-discrimination principles: national treatment and most-favoured-nation ('MFN'). Section 3 discusses the way in which the relationship between the agreements has been handled in the jurisprudence of the dispute settlement body. Section 4 discusses the potential use of GATT jurisprudence in interpreting the flexibilities in the TRIPS Agreement

¹⁴ Although whether there was true 'acceptance' or consent is hotly debated because some countries clearly signed up to the agreement in order to obtain other trade benefits, particularly under GATT, and became members of TRIPS because it is part of the WTO single undertaking. See generally, Peter Drahos, 'When the Weak Bargain with the Strong: Negotiations in the World Trade Organization', [2003] 8(1) *International Negotiation* 79.

¹⁵ See generally *Globalization of Intellectual Property Rights*, above n. 12.

and in interpreting whether the prevention of parallel importing of copyright and trademarked goods is WTO consistent.¹⁶ Section 4 offers some conclusions.

2. Structure of the TRIPS Agreement compared with GATT and GATS

2.1 Minimum standards, increased standards compared with market access

Fundamentally, the TRIPS Agreement is an agreement that sets out minimum standards of intellectual property protection and related flexibilities. Members of the agreement must enact domestic laws that meet the minimum standards set out in the Agreement. The exceptions are optional, but they are governed by certain rules. The reason why the minimum standards structure was chosen for the TRIPS Agreement is primarily because this is the main methodology adopted in international intellectual property law outside of the WTO arena. In particular, it is the structure of both the Berne and Paris Conventions, which are administered by the World Intellectual Property Organisation ('WIPO').¹⁷

When the TRIPS Agreement was entered into, many of the future members of the WTO had, and continue to have, intellectual property standards in excess of the TRIPS negotiated minimums. Other members had standards lower than those minimums and the TRIPS Agreement required them to increase levels of protection in their domestic law. The level of intellectual property protection in a country's law, before the TRIPS Agreement, was a reflection of what it had agreed to internationally, combined with what was economically appropriate for a country. Broadly, developing countries were likely to have less protective standards of intellectual property than countries with developed economies. The TRIPS Agreement standards have caused many countries to have standards of intellectual property in excess of what is necessarily economically appropriate or likely to assist innovation in their country.¹⁸

¹⁶ The TRIPS Agreement, above n. 2, does not govern parallel importation of copyright and trademark goods. Article 6 provides, 'For the purposes of dispute settlement under this Agreement, subject to the provisions of Articles 3 and 4 nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights'.

¹⁷ The preamble of the TRIPS Agreement states 'Desiring to Establish a Mutually supportive relationship between the WTO and the World Intellectual Property Organization . . . as well as other international organizations'.

¹⁸ For a general discussion, see Daniel Gervais (ed.), *Intellectual Property Trade and Development: Strategies to Optimize Economic Development in a TRIPS-Plus Era* (Oxford: Oxford University Press, 2007).