

KLUWER LAW INTERNATIONAL

SECOND EDITION

INTELLECTUAL PROPERTY AND INTERNATIONAL TRADE THE TRIPS AGREEMENT

EDITORS: CARLOS M. CORREA & ABDULQAWI A. YUSUF



Wolters Kluwer
Law & Business

KLUWER LAW INTERNATIONAL

**Intellectual Property and
International Trade:
The TRIPS Agreement**

Editors

Carlos M. Correa
Abdulqawi A. Yusuf

Second Edition



Wolters Kluwer

Law & Business

AUSTIN BOSTON CHICAGO NEW YORK THE NETHERLANDS

Published by
Kluwer Law International
P.O. Box 316
2400 AH Alphen aan den Rijn
The Netherlands
E-mail: sales@kluwerlaw.com
Website: <http://www.kluwerlaw.com>

Sold and distributed in North, Central and South America by:
Aspen Publishers, Inc.
7201 Mc Kinney Circle
Frederick, MD 21704
United States of America

Sold and distributed in all other countries by:
Turpin Distribution Services Ltd.
Stratton Business Park
Pegasus Drive, Biggleswade
Bedfordshire SG18 8TQ
United Kingdom

ISBN 978-90-411-2429-6

© 2008 Kluwer Law International BV, The Netherlands

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, mechanical, photocopying, recording or otherwise, without prior written permission of the publishers.

Permission to use this content must be obtained from the copyright owner. Please apply to: Permissions Department, Wolters Kluwer Legal, 76 Ninth Avenue, 7th Floor, New York, NY 10011, United States of America. E-mail: Permissions@kluwerlaw.com.

**Intellectual Property and
International Trade:
The TRIPS Agreement**

Editors and Contributing Authors

Carlos M. CORREA is director of the Center for Interdisciplinary Studies on Industrial Property and Economics and of the Post-graduate Course on Intellectual Property at the Law Faculty, University of Buenos Aires. He has been a visiting professor in post-graduate courses of several universities and consultant to UNCTAD, UNIDO, UNDP, WHO, FAO, IDB, INTAL, World Bank, SELA, ECLA, UNDP, South Centre and other regional and international organizations. He has advised several governments on intellectual property and innovation policy. He was a member of the UK Commission on Intellectual Property and of the Commission on Intellectual Property, Innovation and Public Health established by the World Health Assembly. He is the author of several books and numerous articles.

Abdulqawi A. YUSUF is the legal adviser and director of the Office of International Standards and Legal Affairs, UNESCO. He is a former assistant director-general and special adviser to the director-general of UNIDO (1998-2001) and former legal adviser and head of legal affairs of UNIDO (1994-1998). As Chief of the Legal Policies Section of UNCTAD (1988-1992), he represented UNCTAD at the TRIPS negotiations and advised developing countries TRIPS issues. He is the founding general editor of the African Yearbook of International Law and author of numerous publications on international law. He is also a member of the Institut de Droit International, Geneva.

Alberto BERCOVITZ is attorney and professor of commercial law (Distance National University in Madrid, UNED), as well as Doctor Honoris Causa at the Universities of Lyon III (France) and Zaragoza (Spain), President of the Section for Commercial Law of the Commission for Codification in the Ministry of Justice, former President of the International Association for Teaching and Research of Intellectual Property (ATRIP), of the Spanish Group of AIPPI and of the Spanish Group of the ALAI, Coordinator of the WIPO Academy in Spanish language (1993

and 1994), Consultant to the Conference of the European University Rectors (CRE), WIPO and UNCTAD, former President of the Committee for Mediation and Arbitration in Copyright in the Ministry of Education and Culture, and President of the National Commission on Consumer Arbitration in the Ministry of Health and Consumer.

François DESSEMONTET is a former professor (1976-2006) for contract and e-commerce as well as intellectual property at Lausanne Law School, and permanent visiting professor for intellectual property at Fribourg Law Faculty (Switzerland). His areas of specialization include intellectual property, arbitration, private international law, contract law, company law and American, European and Swiss law. He currently serves as chairman of the Board of CEDIDAC, Center for Enterprise Law of Lausanne University. He served as chairman of the 3rd Swiss Expert Commission on the Revision of the Swiss Copyright Law and member of the Swiss Expert Commission on Corporate Governance. He is a member of the American Law Institute (ALI) and co-reporter for the ALI's Principles on Transborder Disputes in Intellectual Property, adopted in May 2007, as well as a reporter concerning the chapter on termination for cause in the UNIDROIT Principles for International Commercial Contracts. He was a consultant and expert with several United Nations agencies, including World Intellectual Property Organization and United Nations Industrial Development Organization. He is also a member of the Board of the Swiss Arbitration Association and past chairman of the Swiss Association of Jurists, as well as former chairman of the International Association for Research and Teaching in Intellectual Property. He has authored or edited more than 230 publications and has been member of more than 75 panels of international commercial arbitration, as well as an almost equal number of panels for domain squatting cases, and a panel member in a WTO Dispute Resolution case between the US and the EU.

Mohamed O. GAD is a diplomat at the Egyptian Ministry of Foreign Affairs, currently serving at the Permanent Mission of Egypt in Geneva. He also served as adviser to the Minister of Health and Population of Egypt for International Cooperation and Agreements Affairs. He is the author of *Representational Fairness in WTO Rule-Making* (London: British Institute of International and Comparative Law, 2006). He holds a PhD in Law from Queen Mary, University of London, and degrees in economics and in law.

Jim KEON is vice-president, Research and International Affairs of the Canadian Drug Manufacturers Association (CDMA), which represents Canada's generic pharmaceutical industry. He holds an MA in economics from Queen's University, with extensive experience in areas of intellectual property, trade and consumer protection. Served in senior positions in government and was directly involved in international trade negotiations for the FTA, GATT and NAFTA, and was a member of Canada's international trade negotiation team on TRIPS from 1988 to 1991.

Andrés MONCAYO VON HASE is an attorney, graduate of the faculty of Law, (ICSU) University of Buenos Aires, Argentina. He has a diploma of higher

studies in international relations specializing in International Law (Diplôme d'Etudes Supérieures en relations internationales, spécialisation: Droit International) at the Graduate Institute of International Studies (Institut Universitaire de Hautes Etudes Internationales), University of Geneva (Université de Geneve), Switzerland. Former consultant to the United Nations Conference on Trade and Development (CUNCTAD) and the World Intellectual Property Organization (WIPO). Industrial Property Law professor at the Graduate Program on Intellectual Property at the Law Faculty of the University of Buenos Aires and at the Center of Advanced Studies (*Centro de Estudios Avanzados*) of the University of Buenos Aires.

Sisule MUSUNGU is an independent legal researcher and policy analyst on innovation for development, access to knowledge and intellectual property. He also has research interests in human rights law especially on economic, social and cultural rights. He holds law degrees from the University of Pretoria and the University of Nairobi as well as a post-graduate diploma in Law from the Kenya School of Law. Previously, he worked as the coordinator of the Innovation and Access to Knowledge Programme at the South Centre in Geneva and as an associate at the law firm Hamilton, Harrison and Mathews in Nairobi.

Jeremy PHILLIPS is intellectual property consultant to London-based solicitors Olswang. He has been associated with intellectual property teaching and research in many universities and is research director, Intellectual Property Institute. He is founder editor of the Oxford University Press monthly *Journal of Intellectual Property Law & Practice* and co-founder of the highly-respected IPK at the intellectual property weblog <www.ipkat.com>. A prolific author and editor, he lectures on both academic and practical aspects of intellectual property law.

Jerome H. REICHMAN is Bunyan S. Womble Professor of Law, Duke University School of Law, Durham, North Carolina, USA. He holds a BA from the University of Chicago under the Hutchin's early admission program in 1955, and a JD from Yale Law School, 1979. Former professor of law, Vanderbilt University; taught also at Ohio State University, the University of Florida and the University of Rome, Italy. Chairman of the Intellectual Property Section, American Association of Law Schools (AALS) in 1995; member of the Board of Trustees of the Copyright Society of the USA from 1991 to 1993, and member of the Board of Directors of the Copyright Society of the South. Also a current member of the US National Committee for CODATA (Committee on Data for Science and Technology of the International Council of Scientific Union, (ICSU)); and of ICSU's Ad Hoc Group on Data and Information. Serves as Consultant to the National Academy of Sciences and the National Academy of Engineering; to the Technology Program of the United Nations Conference on Graduate Trade and Development (UNCTAD); and as academic adviser to the American Committee for Interoperable Systems (ACIS).

Pedro ROFFE is a senior fellow at the International Centre for Trade and Sustainable Development (ICTSD), working closely with the Programme on Intellectual Property and Development. He is a former staff member of the

United Nations Conference on Trade and Development (UNCTAD), where from 1973 to 2002 he performed different functions. His work has focused on international aspects of transfer of technology, intellectual property and foreign direct investment. He is the author of articles and books and responsible for a number of United Nations related publications. Among his recent published contributions are: *International Technology Transfer: The Origins and Aftermath of the United Nations Negotiations on a Draft Code of Conduct*; *Bilateral Agreements and a TRIPS-Plus World: the Chile-USA Free Trade Agreement*; *Resource Book on TRIPS and Development*; *Negotiating Health: Intellectual Property and Access to Medicines*; *América Latina y la Nueva Arquitectura Internacional de la Propiedad Intelectual*. He graduated from the Faculty of Law of the Universidad de Chile and did postgraduate studies at New York University, Europa Institute (University of Amsterdam) and the Graduate Institute of International Studies (Geneva). He is of Chilean nationality.

Xavier SEUBA is an international public law and international economic law lecturer at the Universitat Pompeu Fabra, in Barcelona, Spain. His main areas of expertise are international human rights law, international health law and intellectual property law. He has been a consultant to the Office of the United Nations High Commissioner for Human Rights (OHCHR) on several occasions and has been technical adviser for the World Health Organization (WHO) at different international conferences. He also collaborates with non-governmental organizations, mainly focused in issues relating to health and pharmaceutical products.

Christoph SPENNEMANN is a staff member of the United Nations Conference on Trade and Development (UNCTAD). He works as legal expert for UNCTAD's work program on technology transfer and intellectual property and deals mainly with development implications of intellectual property rights, in particular in the area of patents. He holds a master's degree in international economic law and European law from the Universities of Lausanne and Geneva (Switzerland). He also studied law at the universities of Passau and Freiburg (Germany) and Grenoble (France). He practised law in a Berlin firm and joined UNCTAD's Division on Investment, Technology and Enterprise Development (DITE) in 2001. He is the author of various articles on intellectual property issues.

David VIVAS-EUGUI is programme manager of intellectual property at the International Center for Trade and Sustainable Development (ICTSD). He was senior attorney at the Center for International Environmental Law (CIEL); attaché for legal affairs at the Mission of Venezuela to the WTO; staff attorney at the Venezuelan Institute of Foreign Trade and consultant for the WTO, UNCTAD, EPO, South Centre, AITIC, QUNO, Rockefeller Foundation, Saana Consulting and Ministry of Science and Technology of Venezuela. His work has focused on intellectual property, transfer of technology-related issues, trade in services and international economic and environmental negotiations. He has a legal background, and has studied at the Universidad de Católica Andrés Bello, Venezuela,

Georgetown University in the United States and Universidad Externado in Colombia. He has edited and written books including: 'Negotiating Health: Intellectual Property and Access to Medicines', 2006, and 'Regional and Bilateral Agreements and a TRIPS-plus World: The Case of the FTAA', 2004. Has also participated as an arbitrator in the WTO EU-US dispute on copyright section 110(5) of the US copyright act.

Introduction to the Second Edition

The Agreement on Trade-Related Aspects of Intellectual Property Rights (generally known as the ‘TRIPS Agreement’) is one of the most important agreements concluded within the framework of the GATT Uruguay Round of Multilateral Trade Negotiations.

The TRIPS Agreement is the most far-reaching and comprehensive legal regime ever concluded at the multilateral level in the area of intellectual property rights (IPRs). It supplements and modifies the ‘elderly’ conventions governing intellectual property rights, the most important of which (i.e. the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works) were first elaborated at the end of the 19th century. Certainly, these conventions were periodically revised (six major revisions in the case of both Berne and Paris) in order to promote in a gradual and incremental manner a quasi-uniform international regulation of industrial property and copyright. But, compared to the results of those revision exercises, the TRIPS Agreement constitutes a major qualitative leap which radically modifies not only the context in which IPRs are considered internationally, but also their substantive content, and the methods for their enforcement and dispute settlement.

The nine years which have elapsed since the first edition of this work have witnessed important developments as well as controversies regarding the interpretation and application of the TRIPS Agreement. We have undertaken this second edition to take these developments into account and to update and revise the first edition. In doing this, we were in no small measure encouraged by the fact that the first edition was well received and acclaimed in academia and among legal practitioners, lawmakers and diplomats as well as by the positive reviews given to it. We were equally motivated by the need to address certain aspects of the TRIPS Agreement or some TRIPS-related issues which were either not fully

covered in the first edition or were simply not treated, such as the settlement of disputes under the TRIPS Agreement, TRIPS and human rights and TRIPS and public health issues. New chapters (i.e. 6, 12, 13, and 14) have now been devoted to these matters as well as to others. The following seven out of the original ten chapters of the first edition have also been thoroughly revised and updated: chapters 1, 4, 7, 8, 9, 10 and 11.

As was the case for the first edition, the first objective of this book is to offer a framework for understanding the TRIPS Agreement. It therefore seeks to shed light on the background, principles and complex provisions of this innovative international agreement and to highlight the context in which it was elaborated and adopted, and the manner in which it is to be interpreted and applied.

A second objective is to inform on and elucidate the new IPR standards established under the TRIPS Agreement. The intention here is to specify the ‘added value’ or additional elements of the TRIPS Agreement, as compared to the rules contained in the pre-existing intellectual property conventions.

A third objective is to discuss some of the social and legal issues that have arisen as a result of the expansion of intellectual property protection prompted by the TRIPS Agreement. The relationships of such protection with human rights and access to medicines are now explored in separate chapters.

A fourth objective is to provide to legal practitioners and policy makers a framework for thought in respect of the possibilities offered by the TRIPS Agreement, the legislative latitude it allows its Member States and the loose ends that may need to be addressed nationally or internationally in the future.

The second edition is divided into three parts and 14 chapters. Part I, entitled ‘Understanding TRIPS’, consists of three chapters. In a revised and updated Chapter 1, A.A. Yusuf explains the background of the TRIPS negotiations and analyses the objectives, principles and general provisions of the agreement shedding light on their origins and legislative history. Particular attention is given to the relationship between the TRIPS Agreement and the pre-existing IP conventions and to the differences in scope and content of the basic principles and standards underlying these two sets of agreements.

In Chapter 2, J. Reichman provides an overview of the universal minimum standards established by the TRIPS Agreement, as well as an in-depth analysis of its enforcement measures. He identifies the challenges raised by ongoing technological changes and the gaps that will need to be addressed in the near future. He also examines the degree of latitude that may be available to national legislative authorities in the implementation of the TRIPS Agreement. Developments that have taken place after this chapter was written – the original version is maintained in this edition – have confirmed the relative leeway left to WTO members to design their IPR systems.

In Chapter 3, A. Moncayo von Hase deals with the incorporation of the TRIPS Agreement into the domestic law of Member States and the procedures and methods used in different legal systems, and addresses in an exhaustive manner the issue of the self-executing or non-self-executing nature of the provisions of the

agreement. He also examines the transitional arrangements provided for certain Member States with respect to the implementation of the agreement.

Part II, entitled 'New Standards for IPR Protection', consists of seven chapters dealing with the substantive standards and rules governing the protection and use of various categories of IPRs.

In chapter 4, revised and updated for this edition, A. Bercovitz analyses the provisions on copyright and related rights. He identifies those areas in which the TRIPS Agreement involves new or additional elements relating to the protection of literary and artistic works, as well as those others where it falls short of the pre-existing levels of protection. He also underscores those issues which were left unresolved by the agreement. This chapter has been updated for this edition with the relevant WTO jurisprudence.

In Chapter 5, J. Keon examines the achievements of the agreement on the regulation of trade marks and geographical indications and shows how the TRIPS Agreement has succeeded in developing new rules on service marks and well-known trade marks and in evolving universally applicable standards on geographical indications. This latter issue is further developed in the new Chapter 6, where D. Vivas-Egui and C. Spennemann examine the debate on geographical indications taking place at WTO and the various proposals made to increase their level of protection as well as to implement a Multilateral System of Notification and Registration of Wines and Spirits. This chapter also analyses the recent WTO jurisprudence on the matter.

In Chapter 7, updated for this edition, J. Phillips reviews the diversity of existing legal approaches in the regulation of industrial designs and the differences in various countries with respect to the requirements for protection. These differences led to a very limited and rather flexible regulation of the subject in the TRIPS Agreement, and, as shown by the author, they also seem to have resulted in a considerable leeway for Member States to decide on the form and scope of protection of industrial designs.

In a revised and updated Chapter 8, C. M. Correa analyses the detailed provisions of the TRIPS Agreement on patents. The author shows that one of the major purposes of the TRIPS initiative was the extension of patentability to pharmaceuticals and the food products for which, in almost 50 countries, such protection did not exist at the time the Uruguay Round was launched. Particular attention is given to the degree of latitude that Member States might continue to enjoy in patent legislation despite the detailed character of the TRIPS provision in this area. Similarly, the conditions under which compulsory licences may be granted and the limitations thereof are thoroughly examined. The chapter has been updated with WTO jurisprudence relating to the application of Article 30 of the TRIPS Agreement and other relevant developments.

In Chapter 9, also revised and updated for this edition, C. M. Correa undertakes a comparative analysis of the provisions of the 1989 Washington Treaty on Intellectual Property in respect of integrated circuits and of the TRIPS Agreement. He shows how the proponents of the TRIPS Agreement have

succeeded in supplementing the Washington treaty, especially in those areas where agreement could not be reached in the 1989 Conference.

In an updated and expanded Chapter 10, F. Dessemontet deals with the protection of undisclosed information, which may be considered as one of the major innovative features of the TRIPS Agreement. The author analyses the implications of this new legal regime and the scope of protection offered to right holders. Through an examination of the origins of the legal regulation of undisclosed information, the author sheds light on the nature of the rights protected in this area. He also briefly considers the controversial Article 39.3 on which – as noted in Chapter 12 – there has been no interpretation under the WTO dispute settlement mechanism as yet.¹

In Chapter 11, P. Roffe and C. Spennemann, building on Roffe's chapter for the first edition of this book, offer a fresh and updated analysis of the rules relating to the control of anti-competitive practices in contractual licences. The authors review the legal antecedents of the international regulation of anti-competitive practices, including the provisions of the Havana Charter as well as those of the aborted UNCTAD code of conduct on transfer of technology, and provide an insight into the practical application of such rules to the complex interface between competition law and intellectual property protection.

In a new Chapter 12, M.O. Gad presents a thorough analysis of the WTO jurisprudence on the TRIPS Agreement. This chapter constitutes an important addition to the second edition, since in a number of cases WTO panels and the Appellate Body have had the opportunity to clarify the meaning of some of the Agreement's provisions. The chapter discusses the methodology of interpretation and the implications of the adopted rulings for the TRIPS regime.

Part III of the book contains two new chapters. In Chapter 13, X. Seuba addresses the tensions between IPRs and human rights. He discusses the human rights that need to be considered in implementing IPR protection and how to move toward a system of IPRs consistent with human-rights obligations. In this context, the author analyses the implications of the TRIPS-plus provisions contained in recent free trade agreements established between United States and a number of developing countries.

Finally, in Chapter 14, S.F. Musungu examines the relationship between the TRIPS Agreement and public health including the implications and issues for innovation and R&D in the pharmaceutical sector. The author reviews the flexibilities of the Agreement as applicable to the area of public health, the Doha declaration on the TRIPS Agreement and Public Health and the Decision adopted by the WTO General Council to implement paragraph 6 of the Declaration. In the discussion on innovation, special emphasis is given to innovation and R&D for diseases that disproportionately affect developing countries.

1. For further reading on Article 39.3, see C. Correa, *Protection of data submitted for the registration of pharmaceuticals. Implementing the standards of the TRIPS Agreement*, South Centre/WHO, Geneva, 2002.

An attempt is made throughout the book to analyse the implications of the TRIPS Agreement for different groups of countries, and especially for the developing countries, who accepted the adoption of this agreement with great reservation and reluctance. Particular attention is given to the degree of autonomy left for Member States in the implementation of the various provisions of the Agreement in their domestic legislation.

The publication of this second edition of the book aims at complementing and contributing to the growing literature on the TRIPS Agreement. We hope that it will help to stimulate further discussions and analysis in this critical area and encourage the design of IPR regimes that are conducive to social and economic development and the realization of fundamental human rights.

Carlos M. Correa
Buenos Aires, Argentina

Abdulqawi A. Yusuf
Paris, France

Table of Contents

Editors and Contributing Authors	xvii
Introduction to the Second Edition	xxiii
Part I	
Understanding TRIPS	1
Chapter 1	
TRIPS: Background, Principles and General Provisions	3
<i>Abdulqawi A. Yusuf</i>	
I. Background	3
A. North South Divergent Perspectives on IPRs	4
B. The GATT-IPRs Connection	7
II. Objectives and Principles	10
A. Objectives	10
1. Preamble	11
2. Article 7	12
B. Principles	13
1. The Public Interest Principle	13
2. The Prevention of Abuse	15
III. Applicability of Basic GATT Standards to IPRS	16
A. National Treatment	16
B. Most-Favoured-Nation Treatment	18
IV. Exhaustion of Rights	19
V. The Relationship between TRIPS and the IP Conventions	20

Chapter 2	
Universal Minimum Standards of Intellectual Property	
Protection under the TRIPS Component of the	
WTO Agreement	23
<i>Jerome H. Reichman</i>	
I. Preliminary Considerations	23
A. Logic of the TRIPS Agreement	24
B. Basic Principles	26
II. Primary Intellectual Property Regimes: Patents, Trademarks, Copyrights	30
A. Patents	30
1. Normative Structure	30
2. Limits of the Patentee's Exclusive Rights	33
a. Compulsory Licences in General	33
b. New Dimensions of the Public Interest Exception	36
3. Non-Traditional Subject Matter	36
a. Biotechnology and Plant Varieties	37
b. Computer Programs	39
B. Trademarks and Geographical Indications of Origin	41
1. Trademarks	42
2. Geographical Indications of Origin	43
C. Copyrights and Neighbouring Rights	44
1. Traditional Literary and Artistic Works	46
2. Neighbouring Rights	48
3. Computer Programs and Electronic Information Tools	50
III. Ancillary Proprietary Regimes and Trade Regulation	53
A. Integrated Circuit Designs	54
B. Industrial Designs	55
C. Trade Secrets and Confidential Information	58
D. Trade Regulation Measures	60
1. Constraints on Licensing	60
2. Unfair Competition	62
IV. Enforcement and Anticounterfeiting Measures	63
A. The Basic Enforcement Provisions	65
B. Implementing the Enforcement Provisions	69
V. Ongoing Trade-Based Initiatives	74
A. Compensation as the Key to Future Concessions	75
B. Uncertainties of the Dispute Settlement Process	78

Chapter 3

The Application and Interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights 83

Andres Moncayo von Hase

I.	Introduction	83
A.	The Relationship between International Law and Domestic Law	86
1.	One Single Legal Order or a Plurality of Legal Systems?	86
a.	Theories	86
b.	International Practice	87
B.	The Incorporation of Treaties into Municipal Law	88
C.	Legal Status of Treaties Under Municipal Law	90
II.	Trips and Domestic Law: The Case of the United States and the European Community	94
A.	Introduction	94
B.	The Case of the United States	96
C.	The Case of the EEC and EEC Members	99
III.	The Nature and Scope of TRIPS Provisions	105
A.	Self-Executing and non-Self-Executing Treaties and Provisions: the Case of TRIPS	105
B.	The Treatment of Private Parties Under TRIPS and the Exhaustion of Local Remedies Rule	112
C.	Transitional Arrangements for Particular Members	115
IV.	The Objectives of the Agreement and the Principles that shall Guide Its Implementation and Interpretation	116
V.	Conclusions	122

Part II

New Standards for IPR Protection 125

Chapter 4

Copyright and Related Rights 127

Alberto Bercovitz

I.	The Situation before the TRIPS Agreement	127
II.	Significant Changes Affecting Copyright Law	128
III.	The TRIPS Agreement and Preexisting Conventions on Copyright and Related Rights	130
IV.	The TRIPS Provisions on Copyright	132
A.	General Principle	132