

Negotiating for Malaysia

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Introduction

I was the lead TRIPS negotiator for Malaysia for about two years (from 1990 to 1992). The views I express derive from my personal knowledge, though they are limited due to the passage of time from then until today. I was the Senior Federal Counsel in the Advisory and International Law Division of the Malaysian Attorney-General's Chambers, which position was later designated as the Senior Federal Counsel in charge of matters concerning the GATT.

My terms of reference for negotiating the TRIPS Agreement at that time were largely determined by myself, after consulting the then Ministry of International Trade and Industry on certain aspects. My main concern was to protect the interests of the Government of Malaysia and of Malaysia generally.

This chapter will begin with an overview of the TRIPS Agreement from the perspective of Malaysia, followed by some aspects of the negotiating history of the Agreement, and the legislation passed by Malaysia in fulfilling its international commitments under the TRIPS Agreement.

Overview

Malaysia is a small, developing, Muslim-majority country that is very reliant on foreign investment. It is a large importer of IPRs, but has also generated its own IPRs.

Being part of the common law legal system, Malaysia had in place several laws pertaining to IP protection, such as on industrial designs, patents, trademarks and copyright. Local interest groups were largely interested in copyright issues and, to the extent that there was any pressure on the government by these groups, it was on enforcement matters.

At the time of the TRIPS negotiations, Malaysia was blacklisted by the United States for failing to adequately protect US nationals' interests in Malaysia. Without "safety in numbers" in the form of multilateral agreements on IP, Malaysia was under pressure to enter into bilateral agreements for IP protection, especially from the United States. I had occasion to vet the draft bilateral agreement between Malaysia and the United States on IP protection. This draft was the same as the agreement that was entered into by Indonesia with the United States. After perusing the draft, I made salient observations to the Government of Malaysia on the impact and ramifications of its contents on Malaysia, especially on its sovereignty *vis-à-vis* the United States. Malaysia did not conclude that bilateral agreement. Instead, and due to the unequal strengths between the United States and Malaysia, it was felt that Malaysia was in a better position to justify its laws on IP if they were benchmarked against international conventions for the protection of IPRs. This led Malaysia to join the Paris Convention for the Protection of Industrial Property¹ and the Berne Convention for the Protection of Literary and Artistic Works.² By joining these Conventions, Malaysia believed it was also fulfilling its international commitments, which was what foreign investors were looking for. In this manner, Malaysia was able to attract foreign investments to uplift its economy.

Being a rapidly developing country, Malaysia also acknowledged that it was also obliged to take care of the IPRs of its citizens *vis-à-vis* other countries. At the same time, Malaysia had to acknowledge that it had limited resources to protect and enforce IPRs. Bearing these factors in mind, Malaysia went into the negotiations for the TRIPS Agreement. In doing so, Malaysia had unwittingly expressed its concerns, which were shared by the other developing countries, including China. To a lesser extent, it had also reflected the concerns of other Muslim countries. The final form of the TRIPS Agreement reflected the commitment of Malaysia to the multilateral process as well as to the international norms.

Aspects of the TRIPS negotiations

Drafts of the TRIPS Agreement

We started in mid-1990 with two main draft agreements – one prepared by the United Nations Conference on Trade and Development (UNCTAD) on behalf of 14 developing countries, and the other combining the texts submitted by the European Communities (EC), United States, Japan, and Switzerland. We went through arduous process of bridging the gaps between these two drafts until we could come up with one draft to further negotiate on.

To this end, I was very much involved in the negotiations, which were carried on late into the night, for weeks at a time. There was a tight schedule to follow and the Chair of the TRIPS Negotiating Group, Ambassador Lars Anell, made sure that we kept to it, even if it meant we had to hold meetings into the night and the wee hours of the morning. I was made to understand that it is one of the strategies in negotiations to wear down your opponents until they are exhausted and they will then readily agree to anything. Hence, I vowed that I would not succumb to such tactics. I remember having contracted the worst case of influenza when I was in Geneva, with my nose running like a tap (probably due to exhaustion), but I stoically stuck it out at the late night sessions. I did not miss any negotiating session that I know of.

When the ministerial meeting was held in Brussels in the winter of 1990 – it was supposed to have been the meeting to finalize all the agreements of the Uruguay Round of multilateral negotiations by the contracting parties to the GATT – I did not attend, as the then Malaysian Minister of International Trade and Industry was present to represent Malaysia. I bumped into one of the delegates in the corridor, who asked me concernedly why I was not at the meeting and that he saw another “girl” from Malaysia sitting there. I had to correct him and stated that the “girl” was actually the then Malaysian Minister of International Trade and Industry!

Another piece of useful information that I had picked up very early in the process was that there was a lot of horse-trading occurring outside the negotiating room, not seen by others who were not “invited” to participate in the horse-trading. I persuaded my colleague from the Ministry to provide us with funds in order for Malaysia to play host to the main players who had submitted the drafts, at dinners or lunches. Doing so also meant that I could not have a relaxed time at the negotiations, which required me to feverishly pore over each new draft provisions and to prepare my response to them.

Nothing legal about the TRIPS negotiations

On one of the many trips back home from Geneva, I met two previous colleagues who had been appointed as Senior Federal Counsel (GATT) before me. They told me not to work so hard or worry so much because Malaysia is just a small country and anything we say would not make a difference to the negotiations. One of them even told me that there were not many legal problems in the negotiations as almost everything was a policy matter to be taken care of by the Ministry, meaning that no legal input was required by me as the Senior Federal Counsel. I proved them wrong! Instead, I felt the great weight of responsibility placed upon me to ensure

that the TRIPS Agreement did not overburden my country to the extent that it would promote foreign IPRs at the expense of the Malaysian economy or people.

Geographical indications

One of the first things I had to research, when assigned as the GATT officer, was what is meant by “geographical indication” (GI). I remember that neither I nor any of my colleagues knew anything about it, and referring to legal dictionaries – or any dictionary – did not yield the answer, until I read the draft TRIPS Agreement and participated in the debate.

This topic was especially significant to me, coming from a Muslim-majority country. This was because the initial drafts required contracting parties to specifically legislate for the protection of GIs, especially in respect of the products of the vine. Malaysia was adamant that it could not fulfil this obligation, as to legislate on it would be interpreted as protecting wines and spirits themselves, which would invite outright condemnation of the government, and the government would be questioned about it in Parliament. Each revision of the draft text on GIs would see me anxiously poring over it and decrying its contents until the next draft came around. It would seem as if Malaysia was a great infringer of this IPR, whereas the truth was to the contrary. The non-Muslims in Malaysia very much enjoy the products of the vine and Malaysia does import large quantities of such products, which explained my many interventions.

Finally, after much debate, Malaysia could agree to providing protection for products of the vine via other actions, such as administrative rules and regulations. Hence, we now see the provisions of Article 23(1) being worded as follows, with a footnote that carries legal binding obligations:

1. Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.⁴

Footnote 4 reads:

Notwithstanding the first sentence of Article 42, Members may, with respect to these obligations, instead provide for enforcement by administrative action.

I was made to understand that the United States paid particular attention to Malaysia's interventions because it had similar concerns and was also keen to have other Muslim countries sign up with the TRIPS Agreement.

Long-arm statute

The United States had a provision in the draft agreement to compel nationals of countries other than the United States to produce documents located in their home country when ordered to do so by the courts for the purposes of any legal suit/prosecution of an IP case in the United States. Malaysia was very firm, as were the rest of the delegations, in stating that it reserved its rights to legislate "blocking statutes" to prevent such "enforcement" of such orders within Malaysian territory. After much debate in opposition, this provision was finally dropped from the text.

Enforcement of intellectual property rights

Being conscious that it has limited resources with which to enforce IPR actions, and having just emerged from an economic recession, Malaysia was concerned about not being able to fulfil its obligations under the TRIPS Agreement if no exceptions were provided for. To this end, Malaysia fought at every turn for exceptions to be made. One such "exception" can be seen in Part III, Article 41 paragraph 5, which reads as follows:

It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.

Malaysia's concerns on the enforcement aspect were not misplaced at all, as could be seen from our experience several years later, during the time of the financial crisis faced by the Association of Southeast Asian Nations (ASEAN) countries in

1997–8. I was then serving as the Senior Sessions Court Judge in the state of Kelantan. I had to preside over criminal and civil matters. One day, I was informed by the court police that the remand prisoners could not be brought to court because the Police Department had had its budget slashed and there was no money for petrol to transport the remand prisoners from the lock-up to the court. It would be recalled at that critical point in time that, on the dictates of the International Monetary Fund, Malaysia had to tighten its spending belt before financial assistance would be rendered by the fund. Fortunately, the slashing of the police budget was short lived, as the Malaysian Government had decided not to proceed with the fund's plan of action.

In the TRIPS negotiations, my recounting of the Kelantan episode also brought home the point on the conflicting interests of enforcing criminal law *per se* as against enforcing what is essentially a civil right in the criminal law arena.

Another exception in the TRIPS Agreement can be seen in Article 31(b) in respect of patent rights, as follows (emphasis added):

Article 31

Other Use Without Authorization of the Right Holder

Where the law of a Member allows for other use of the subject matter of a patent without the authorization of the right holder, including use by the government or third parties authorized by the government, the following provisions shall be respected:

...

- (b) such use may only be permitted if, prior to such use, the proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time. *This requirement may be waived by a Member in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use.* In situations of national emergency or other circumstances of extreme urgency, the right holder shall, nevertheless, be notified as soon as reasonably practicable. In the case of public

non-commercial use, where the government or contractor, without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly;

...

I recall that, at a cocktail get-together held by the session Chair, after a very heated intervention by me on the exceptions which I had wanted to be included (I forget which in particular), a nice Japanese delegate walked up to me to express his appreciation of the sentiments I had expressed. He then informed me that, in doing so, I was “scolding” the delegates around the negotiating table. I was dumbstruck at his observations as I did not realise that I had come on that strongly on the subject.

Assistance rendered

Due to my active participation in the TRIPS negotiations, I had unwittingly played the role of coordinating the ASEAN group of countries on the positions to be taken on any subject under discussion.

I had also received a request from the Brazilian head of delegation to spend my weekend with his team to assist them in drafting provisions which they wish to be included in the draft TRIPS Agreement.

At that time, China was not a GATT contracting party, but was following the Uruguay Round negotiations very closely in order to prepare itself for joining it. One day, I was approached by the Chinese representative following the TRIPS negotiations, who requested my presence at a meeting with several of his country’s team. His brief to me was that his team would like me to explain to them what the TRIPS negotiations were all about. When I entered the room, I was taken aback to see about eight Chinese officials all sitting in one row facing me, waiting for me to “brief” them. I remember feeling overwhelmed at first, at being given the trust and honour to brief them. The gist of it is, my advice to them was that the TRIPS Agreement is here to stay and there is no avoiding it. China needed to come on board so as to benefit from it in the long run, seeing that it had millions of talented people who would one day be the owners of IPRs and whom it would

want to protect. In the meantime, there was nothing to prohibit China from infringing IPRs.

Injunctions, provisional measures

It was during the short interval when I was back in the office in Kuala Lumpur that I became aware from one of my colleagues that there were efforts being made to amend the High Court Rules 1980 to extend time regarding injunctions. It was fortunate for me to come to know this, as I advised my colleague on the regime that was then posited in the draft TRIPS Agreement and argued for the High Court Rules 1980 not to be so amended.

Transitional arrangements

Transitional arrangements are provided for under Part VI of the TRIPS Agreement. As a developing country, Malaysia was entitled under paragraph 2 of Article 65 to claim the period of four years to delay the implementation of the Agreement. The same provisions also applied to former communist countries (see paragraph 3 of Article 65). The “least-developed country Members” were given a reprieve of ten years under Article 66.

Post-TRIPS Agreement legislation

While negotiating the draft TRIPS Agreement, I became aware of the great need for Malaysia to legislate on competition law and I had so advised the Ministry concerned. This was because the TRIPS Agreement (like other IP conventions) would give rise to monopolistic regimes that would be detrimental to Malaysia’s interests if the country did not have anti-competition law like those enforced in the EC and the United States. I am glad to say that Malaysia has now legislated the Competition Act 2010 (Act 712), which was brought into force on 1 January 2012, and the Competition Commission Act 2010 (Act 713), which came into force on 1 January 2011.

The other legislation passed by Malaysia in order to implement the TRIPS Agreement is as follows:

- Layout-Designs of Integrated Circuits Act 2000 (Act 601), which came into force on 15 August 2000
- Geographical Indications Act 2000 (Act 602), which came into force on 15 August 2001

- Intellectual Property Corporation of Malaysia Act 2002 (Act 617), which came into force on 3 March 2003.

Conclusion

I have often told my family, friends and colleagues of how the TRIPS negotiations had shaped and changed my professional life. Before the TRIPS negotiations, I was afraid to speak publicly and hardly ever intervened in any international fora. But because I found that, if I did not raise issues on behalf of Malaysia, Malaysia's interests would be jeopardised, I had plucked up the courage to speak my piece at TRIPS negotiations, and the rest, as they say, is history. So I would like to thank all my colleagues and those from the GATT Secretariat present at the TRIPS negotiating table for giving me the opportunity to hone my public speaking skills, at the very least.

Endnotes

- 1 On June 23, 1988. See www.wipo.int/treaties/en/remarks.jsp?cnty_id=270C (last accessed 7 June 2015).
- 2 On June 28, 1990. See www.wipo.int/treaties/en/remarks.jsp?cnty_id=990C (last accessed 7 June 2015).