
Negotiating for Hong Kong

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By way of introduction, I was part of the Hong Kong TRIPS negotiating team, from December 1987 to January 1992 inclusive. Throughout this period, I was employed as a Senior Crown Counsel by the Hong Kong Attorney General's Chambers, though I had been informally seconded to the Trade and Industry Branch, from which I received my instructions and to which I directed my reports for onward circulation within the Hong Kong Government. Though then a United Kingdom dependent territory, Hong Kong plotted its own course throughout the negotiations as a separate contracting party to the GATT. The United Kingdom was represented, as a part of the European Communities (EC) negotiating team. I attended the formal negotiations before the Chair of the TRIPS Negotiating Group, and most of the informal meetings that took place from time to time with the other participants. These negotiations took place in Geneva, where Hong Kong maintained an office, but I also travelled to Brussels to pursue my task.

Hong Kong's overall approach to the TRIPS negotiations was made clear to the other participants from an early stage: Hong Kong held itself out as the exemplar of free trade, with a mature, respected legal system, providing comprehensive protection across the range of IP to right holders. IP was variously protected, by a combination of civil remedies, criminal investigation and prosecution, and administrative means. Though there was no means of making a comprehensive comparison, the Hong Kong Government was of the view that its overall regime was among the soundest in the trading world. I believe that this remains the case, now that Hong Kong is part of the People's Republic of China. In its basic elements, Hong Kong's legal system shared, and continues to share, many features with other common law jurisdictions. The legal system in 1987, as it related to IP, closely resembled that of the United Kingdom, and any practitioner in a country that also derived its system from the British imperial past would have had no difficulty in understanding how it worked. This was to be of considerable assistance, whether it was dealing with the United States or members of the

Commonwealth. Of course, there were differences in detail in the exercise of border controls and criminal enforcement. Hong Kong had accomplished a great deal in the 1980s, through its Customs and Excise Department, to suppress any trade in counterfeit goods. That Department was, and remains, well-funded and highly professional. Hong Kong was, and remains, user friendly from the point of view of the right holder. With all this in mind, Hong Kong's main concerns were to ensure that any obligations created by a TRIPS treaty did not present any unreasonable limit on legitimate trade nor allow indirect barriers to be erected by other participants in the guise of IP control. Despite the excellence of the Customs and Excise Department, Hong Kong was at pains to emphasize civil justice and actions by the right holder as the centrepiece and first call for enforcement. Finally, Hong Kong was most concerned to ensure that freedom remained with its legislature to determine the extent of the control of parallel importation, that is, the free flow of goods and services which had been manufactured or provided by, or otherwise put on the market by or with the consent of, the ultimate right holder. It was the view of the Hong Kong Government that no provision in international law was breached by its then existing regime regarding the exhaustion of IPRs. It was apparent from lobbying that had taken place that right holders were inclined to swell the obligations they were granted by the Berne Convention for the Protection of Literary and Artistic Works or the Paris Convention for the Protection of Industrial Property.

At the time I joined the negotiations, no working draft had been tabled. As it seemed to me from the speeches made before the Chair of the TRIPS Negotiating Group, participants were sparring. Nonetheless, it was instructive. Participants described their regimes and their hopes and fears for the progress of the negotiations. It was apparent that a working draft would need to emerge before any detailed negotiations could proceed and that it was likely to be produced by one of the "Quad", that is, Canada, the EC, Japan and the United States, who were perceived as the prime movers in the negotiations. It was not too difficult to predict the form that it needed to take: obviously, it had to be consistent with existing WIPO provisions, probably using a similar drafting style to the Berne and Paris Conventions, together with some means of describing its relationship to those existing obligations, but adding enforcement procedures, border controls and administrative arrangements, together with housekeeping and the mechanisms that would allow the gradual adoption by the members, depending on their different stages of development and where domestic limitations needed to be accommodated.

My own perspective on the negotiating round was quite narrow. My assistance and thus my input to the broad negotiations that culminated in the establishment of the World Trade Organization was limited to the TRIPS negotiations, though I was briefed in general terms on the objectives and progress of the other negotiating groups from time to time. The detail of the interplay between the negotiating groups was not my concern, though I was aware that nothing was agreed until everything was agreed. Obviously, any capital that could be gained in the TRIPS negotiations might assist elsewhere. It appeared to me that Hong Kong had a not-too-difficult task, being an advanced economy, with a small agricultural sector and limited pharmaceuticals industry. That did not mean that compulsory licensing of pharmaceuticals, in certain circumstances, was not significant to Hong Kong, but it was a cause that was led in the negotiating group by the developing world. A similar view appeared to have been held by other negotiators at a similar level of development to Hong Kong. Whatever accommodation could be reached between the *demandeurs* and developing economies, provided it was of general application, might well accommodate Hong Kong's concerns. Thus, the patent complex, including patentability of process and the availability of compulsory licenses, was an area I kept under careful scrutiny, but it did not appear that Hong Kong had a dog in the fight.

Historically speaking, the TRIPS Agreement was negotiated in a favourable environment. While copyright lawyers were alive to the dawn of the digital era, and the convergence of television, computer and telephone technology, the Internet was not then upon us. The negotiators did not indulge in futurology. That stated, it appeared to be inevitable that computer programs would be protected as literary works and that, to some extent, algorithms could figure in patent claims. The negotiations looked backward to the means of distribution contemplated by the current drafts of the Berne and Paris Conventions. Looking to the future of the TRIPS Agreement, it is not easy to see how new technologies can be adequately accommodated, to meet the demands of right holders and consumers. Beyond the Internet, which has turned the distribution models of copyright material upside down, legal and ethical problems lie ahead with developments in synthetic biology and gene manipulation. Cyber hacking of confidential data is also a subject that might well figure, albeit indirectly, where IP has been misappropriated; goods thus incorporating or derived from such wrongdoing may face civil action or border controls, even prosecution, where manufacture or distribution is knowingly undertaken.

At the TRIPS Symposium held in Geneva on 26 February 2015, I learned that the TRIPS Agreement was regarded as an outstanding example in trade treaty

negotiation. In a complex field, a detailed and ambitious text had emerged as a treaty that looked forward to the next 30 years. It consisted in large part of hard obligations. Unlike WIPO treaties, the TRIPS Agreement would allow any deficient regime to be called to account at the risk of appropriate trade penalties. Besides incorporating ambitious IPRs, minimum standards were demanded for administrative measures, border controls, and civil and criminal justice systems. It may be that I am insensitive, but I was unaware of taking part in a miraculous creation. Nonetheless, it is worth considering the factors that allowed negotiators to make such progress.

The TRIPS negotiations were fortunate in having such an able chair. Under the guidance of Ambassador Lars Anell, assisted by an efficient secretariat, the negotiations appeared to move forward in an autonomous fashion. The initial sparring allowed negotiators to meet, develop their understanding, form alliances and establish an atmosphere of goodwill. It was almost collegial, the formal debates being passionate but highly civilized. Hong Kong was one of the Friends of Intellectual Property group, but I believe that the atmosphere created made all the negotiators ambitious for progress. When sufficient time had been spent to allow all parties to state their concerns, the Secretariat prepared a convenient distillation of issues in a tabular form, from which it became possible for them to draft a working text under the Chair's sponsorship. The working draft incorporated in square brackets the principal positions thus far aired. That did not mean that the concerns of any one negotiator had been cast aside. Given sufficient support and following a full explanation, new ideas could be easily incorporated into a further set of square brackets in the appropriate place. In this form, I believe the Chair's text allowed the parties to proceed to Brussels where the real horse-trading could take place.

As far as this process touched upon my own main areas of concern – parallel imports and the enforcement of rights – I was not present in the Hong Kong negotiating team beyond the spring of 1992, when I returned to private practice. I was in the tent in Brussels when the dramatic intervention led by the Argentinian delegation brought negotiations to a temporary halt in 1990. It is my understanding that little changed beyond the negotiating draft that was on the table at the time I departed, at least as far as parallel imports and enforcement are concerned, before the treaty was concluded in 1994.

To the best of my recollection, parallel imports and exhaustion of rights was not on the radar of the other delegates when I first arrived in Geneva. After Hong Kong had made its position clear in formal negotiations before the Chair, and after a

round of informal consultation, I was instructed to prepare a paper for circulation among the other negotiators aimed at consciousness-raising. At this stage, it did not appear that the negotiating teams included many lawyers, nor were they fully alive to the dangers associated with inappropriate protection of parallel imports. Beyond trade in the most basic materials, at least one, if not more, IPRs were involved. My colleagues quickly moved up the learning curve. Hong Kong had already encountered lobbying and it was apparent that lobbyists wanted to go beyond Hong Kong's existing regime as far as control over parallel imports was concerned. It was claimed by lobbyists, wrongly in my view, that the Paris and Berne Conventions compelled the creation of stronger controls over parallels than were embodied in domestic law. My research and consultation with individuals engaged in a number of industries suggested that the subject of parallel importation and the exhaustion of IPRs is not straightforward, neither legally nor on economic terms. Research also revealed that Hong Kong's laws were similar to those adopted in jurisdictions of the regimes whose laws also derived from their colonial history. There was safety in numbers. The exhaustion regime in place comprised elements of national and international exhaustion, together with concepts of waiver. Hong Kong was most concerned to ensure that freedom to legislate in respect of parallel imports and exhaustion was not limited – beyond the bounds of the WIPO conventions – as a result of the TRIPS negotiations. Unlike some jurisdictions which offered greater control over parallel imports, Hong Kong did not then have competition laws to attack any misuse of monopoly. It was my opinion that competition laws were no substitute. They are not really practical for smaller jurisdictions, required commitment of considerable resources and expertise, and introduced commercial uncertainty. Ultimately, such laws are steered as much by political considerations as by any other factor.

I was somewhat surprised at the strength of the opposition to the position that Hong Kong advocated. This is particularly so because Hong Kong gave such strong protection to right holders in regard to any trade in counterfeit goods. Article 6, as it appears in the TRIPS Agreement, represents what I would call an honourable draw. It is my view that, if the subject of parallel imports and exhaustion of rights is to be dealt with in an adequate fashion, detailed drafting will need to be applied and each IP needs to be treated separately. There would also be a need to recognize that the enforcement of competition laws is resource intensive and possibly ineffectual without financial muscle.

If I made any particular contribution to the TRIPS negotiations it was where negotiations were concerned with the terms now embodied in Part III, the enforcement of IPRs. As part of the team, I had the advantage of having

experience as a former prosecutor and litigator, and our efforts were backed up by way of briefings from the Customs and Excise Department in Hong Kong. That Department probably maintained as comprehensive a regime of border controls and administrative intervention as was then found within the trading world. From a personal point of view, I had also benefited from working with US Government lawyers in matters of joint concern in the areas of organized crime and offences in the financial services industry. While I do not claim to have been an expert in all enforcement fields, I believe the description of being an experienced journeyman would have been fitting. This allowed me to analyse quickly and with some confidence any language that was under consideration. In this regard, Hong Kong was as well supplied as any of the negotiators, at least as regards the teams that they brought to Geneva or took to the showdown in Brussels.

I was flattered by the invitation at the Symposium to provide insight into or analysis of the provisions concerning enforcement, which represent the reconciliation between the basic features of the common law and corresponding components of the civil system. I felt I should decline. That accommodation, in its essentials, I believe was achieved by the team representing the EC. Furthermore, as it appeared to me, the fact that the *demandeurs* – Canada, the EC, Japan and the United States – were able to make common cause meant that they had ironed out any substantial differences that otherwise might have existed among common law and civil jurisdictions. What I believe Hong Kong might have done was to offer explanation of how provisions in the draft might work or otherwise, or offer examples by reference to jurisdictions the practice of which was well known. Hong Kong did not build the car, but at least it helped to tune it up or make sure that the wheels were put on properly.

Returning to the detailed provisions of Part III, I recall comparing the language of proposed provisions against Hong Kong's existing regime. I was assured by research that, at least as far as civil procedure and the criminal law was concerned, there was a high degree of commonality between Hong Kong and other Commonwealth countries. I also had a reasonable knowledge of US criminal and civil procedure and evidence. My acquaintance with the various civil codes was far more limited. It proved possible at the end of the day to keep all parties on board by flexible use of language – what is sometimes referred to as “constructive ambiguity”. Whatever panels must rule on the meaning of the language of the TRIPS Agreement, they should take these origins into account. Each participant in the negotiations took back to his or her capital the assurance that their system corresponded to the language employed or could be adjusted by acceptable reform. If a great range of meaning has been brought under the umbrella of

language, I fear this will stand in the way of the development of a “common law” of the TRIPS Agreement.

At the Symposium I highlighted a number of problems that I foresaw for the future that concern enforcement, variously attaching to border measures, the criminal jurisdiction, civil remedies or administrative measures. I hope I did not labour the point that Hong Kong was convinced that the first call of any right holder seeking a remedy was the civil justice system. The criminal justice system, in particular as it relates to resources employed to maintain law and order, must necessarily have priorities in which the protection of IP comes somewhere down the list. In the jurisdiction with which I am most familiar, that of the United Kingdom, resources that were once applied to investigating fraud have now largely been drawn away to the needs of supporting counter-terrorism. The net result is that only very serious frauds or the simplest of crimes are fully investigated and prosecuted. Based on my experiences of civil litigation involving fraud or IP infringement in Asia, it should be noted that it is often difficult to collect information in support of litigation where the information is somehow the subject of laws designed to protect official secrets. Similar restrictions occur in some jurisdictions where it is necessary to advise and work with the authorities if one is to collect evidence for an overseas civil suit. This rankles with the common lawyer, where he or she who alleges must prove. Wearing my hat as a part-time academic, I would also flag concerns that had arisen in the last decade that law enforcement agencies or those responsible for administrative action may well favour local enterprises over those perceived to be based overseas. There is a respectable body of opinion in Europe that holds that the treatment meted out to European banks and financial institutions by US regulators has been somewhat harsher than that meted out to local institutions. It may be that parties to the TRIPS Agreement will need to consider whether the discretions legitimately granted to investigators, prosecutors or administrators are being fairly applied in matters that concern infringement of IP.

Endnotes

- 1 My first draft was submitted to the Secretariat in mid-January 2015. After attending the Symposium on 26 and 27 February 2015, I realized how much I have forgotten. With the presentations of my fellow negotiators still fresh and with the materials and guidance provided by the Secretariat I made this second effort, hoping it will serve in some way to record the history of the negotiations and assist those who take the treaty forward into the future.