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1.1 Text of Article 51

Article 51

Suspension of Release by Customs Authorities

Members shall, in conformity with the provisions set out below, adopt procedures¹³ to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods¹⁴ may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. Members may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. Members may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.

*(footnote original)*¹³ It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

*(footnote original)*¹⁴ For the purposes of this Agreement:

- (a) "counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation;
- (b) "pirated copyright goods" shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.

1.2 General

1. In *China - Intellectual Property Rights*, the Panel clarified that the phrase "the provisions set out below" in the first sentence of Article 51 includes the whole of Section 4:

"The description of the procedure as one for an 'application' for 'suspension' does not appear to exclude related aspects of the procedure in the provisions set out below, such as the provisions on *ex officio* action in Article 58 or the remedies as a result of application and/or suspension set out in Article 59. Rather, the procedures in Section 4 form a set that must be read together. This is reflected in the second sentence of Article 51 (with respect to other goods, set out below) that refers to 'such an application' (i.e. an application such as that referred to in the first sentence) being

subject to 'the requirements of this Section'. This tends to confirm that the 'provisions set out below' Article 51 include the whole of Section 4."¹

1.3 Scope

2. In *China – Intellectual Property Rights* the Panel clarified that "the first sentence of Article 51 provides for the relevant procedures to apply, as a minimum, to 'the importation' of counterfeit trademark or pirated copyright goods".² The Panel further clarified that the second and third sentences of Article 51 expressly allow Members, as an option, to provide for procedures at the border for *other* infringing goods as well.

"Both these sentences use the word 'may', indicating that they are optional provisions. The second sentence provides for an optional extension to 'other infringements of intellectual property rights'. This is a reference both to goods that infringe trademarks and copyright without constituting counterfeit trademark goods or pirated copyright goods, as well as to goods that infringe other categories of intellectual property rights, such as patents. The second sentence includes an express condition that applies where Members provide border measures for other infringements of intellectual property rights, namely 'provided that the requirements of this Section are met'.³

The third sentence of Article 51 provides for an optional extension to 'infringing goods destined for exportation' from a Member's territory. The terms of the third sentence do not attach any express condition to this option. An option with respect to 'corresponding procedures' is not, on its face, an obligation that procedures shall correspond. The omission of any express condition in the third sentence stands in contrast to the proviso in the second sentence, which also serves the purpose of providing for an optional extension of the border measures. Whilst it would not have been appropriate to include an identical condition to that found in the second sentence, as the requirements of Section 4 refer to importation, the third sentence could nevertheless have included an express condition that the procedures with respect to infringing goods destined for exportation shall correspond to those set out in the Section, or shall comply with the principles thereof.⁴ However, it does not. Read in context, this omission is not ambiguous."⁵

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¹ Panel Report, *China – Intellectual Property Rights*, para. 7.218.

² Panel Report, *China – Intellectual Property Rights*, para. 7.221.

³ (*footnote original*) There are some express differences between the procedures applicable to different goods: Article 53.2 of the TRIPS Agreement only applies to goods involving industrial designs, patents, layout-designs or undisclosed information; the second sentence of Article 59 only applies to counterfeit trademark goods.

⁴ (*footnote original*) For example, Articles 49 and 50.8 of the TRIPS Agreement provide for optional procedures, subject to a contingent obligation that they "shall conform to principles equivalent in substance to those set forth" in the relevant Sections. In contrast, footnote 13 to the TRIPS Agreement sets out an option but contains no contingent obligation. However, footnote 13 limits the scope of the obligation in the first sentence of Article 51 rather than providing for an optional extension.

⁵ Panel Report, *China – Intellectual Property Rights*, paras. 7.223-7.224.