

Chapter 24

Trade-Related Aspects of Intellectual Property Rights

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TRIPS Trade-Related Aspects of Intellectual Property Rights

1 BACKGROUND / RULES

The TRIPS Agreement is Annex 1C of the WTO Agreement, which entered into force on 1 January 1995. The TRIPS Agreement is binding on each Member of the WTO from the date the WTO Agreement becomes effective for it. However, the TRIPS Agreement gave original Members transitional periods, which depend on the level of their development, to bring themselves into compliance with its rules¹.

The Council for TRIPS administers the TRIPS Agreement and is open to all WTO Members. The Council reports to the WTO General Council.

What are Intellectual Property Rights (IPRs)?

■ Introduction

Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his creation for a certain period of time. Intellectual property rights are customarily divided into two main areas: copyright and rights related to copyright, and industrial property.

■ Copyright and rights related to copyright

The rights of authors of literary and artistic works (such as books and other writings, musical compositions, paintings, sculptures, computer programs and films) are protected by copyright, for a minimum period of 50 years after the death of the author. Also protected through copyright and related (sometimes referred to as “neighbouring”) rights are the rights of performers (e.g. actors, singers and musicians), producers of phonograms (sound recordings) and broadcasting organizations.

¹ Any transition periods for acceding countries are set out in their protocols of accession. See also Transitional Periods.

■ Industrial Property

Industrial property can usefully be divided into two main areas:

- One area can be characterized as the protection of distinctive signs, in particular trademarks (which distinguish the goods or services of one undertaking from those of other undertakings) and geographical indications (which identify a good as originating in a place where a given characteristic of the good is essentially attributable to its geographical origin). Trademark protection may last indefinitely, provided the sign in question continues to be distinctive. The same is true of a geographical indication that continues to identify the geographical origin.

- Other types of industrial property are protected primarily to stimulate innovation, design and the creation of technology. In this category fall inventions (protected by patents; in a number of countries, innovations that could embody lesser technical progress than patentable inventions may be protected by utility models), industrial designs and trade secrets. The protection is usually given for a finite term (typically 20 years in the case of patents).

Why are IPRs protected?

■ Encourage and reward creative work

The main social purpose of protection of copyright and related rights is to encourage and reward creative work. This is also relevant to protection in other areas (e.g. industrial designs and patents).

■ Technological innovation

Intellectual property rights are designed to provide protection for the results of investment in the development of new technology, thus giving the incentive and means to finance research and development activities.

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■ Fair competition

The protection of distinctive signs and other IPRs aims to stimulate and ensure fair competition among producers.

■ Consumer protection

The protection of distinctive signs should also protect consumers, by enabling them to make informed choices between various goods and services.

■ Transfer of technology

A functioning intellectual property regime should also facilitate the transfer of technology in the form of foreign direct investment, joint ventures and licensing.

■ Balance of rights and obligations

It should also be noted that the exclusive rights given to the owners of intellectual property are generally subject to a number of limitations and exceptions, aimed at balancing the legitimate interests of right holders and of users.

The Agreement

■ TRIPS: A summary

The TRIPS Agreement is to date the most comprehensive multilateral agreement on intellectual property. It contains specific provisions in the following areas of intellectual property: copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organizations); trademarks; geographical indications; industrial designs; patents, including the protection of new varieties of plants; the layout-designs of integrated circuits; and undisclosed information, including trade secrets and test data.

The Agreement consists of seven parts: I. General provisions and basic principles (such as national treatment and most-favoured-nation treatment, and exhaustion of IPRs); II. Substantive standards of intellectual property protection; III. Enforcement; IV. Procedures for the acquisition and maintenance of IPRs; V. Dispute prevention and settlement; VI. Transitional arrangements; and VII. Institutional arrangements.

In respect of each of the main areas of intellectual property regulated by the TRIPS Agreement, Part II of the Agreement sets out the minimum standards of protection to be provided by each Member. Each of the main elements of protection is defined, namely the subject-matter to be protected, the rights to be conferred and permissible exceptions to those rights, and, where applicable, the minimum duration of protection.

The Agreement sets these standards by requiring, first, that the substantive obligations of the main conventions of the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property ("*Paris Convention*") and the Berne Convention for the Protection of Literary and Artistic Works ("*Berne Convention*") in their most recent versions, must be complied with. With the exception of the provisions of the Berne Convention on moral rights, all the substantive provisions of these conventions are incorporated by reference and thus become obligations under the TRIPS Agreement between Members. The relevant provisions are to be found in Articles 2.1 and 9.1 of the TRIPS Agreement, which relate, respectively, to the Paris Convention and to the Berne Convention.

Secondly, the TRIPS Agreement contains a substantial number of additional obligations on matters where the pre-existing conventions are silent or were seen as being inadequate. The TRIPS Agreement is thus sometimes referred to as a "Berne and Paris-plus Agreement".

Part III of the Agreement deals with domestic procedures and remedies for the enforcement of intellectual property rights. The Agreement lays down certain general principles applicable to all IPR enforcement procedures. In addition,

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it contains provisions on civil and administrative procedures and remedies, provisional measures, special requirements related to border measures and criminal procedures. These provisions specify, in a certain amount of detail, the procedures and remedies that must be available so that right holders can effectively enforce their rights and also provide for safeguards against the abuse of such procedures and remedies as barriers to legitimate trade.

Part IV of the Agreement contains general rules on procedures related to the acquisition and maintenance of IPRs.

Part V of the Agreement deals with dispute prevention and settlement. The Agreement makes disputes between Members about the respect of obligations contained in it, whether in the field of substantive standards or in the field of enforcement, subject to the WTO's dispute settlement procedures.

Part VI of the Agreement contains provisions on transitional periods, transfer of technology and technical cooperation.

Part VII deals with institutional arrangements and certain cross-cutting matters such as the protection of existing subject matter.

TRIPS: Main features

■ General Provisions and Basic Principles (Part I)

• Minimum standards agreement

The TRIPS Agreement sets out the minimum standards of protection to be provided by each Member. Article 1.1 makes it clear that Members may, but are not obliged to, implement in their law more extensive protection than required by the Agreement, provided that such protection does not contravene its provisions. Article 1.1 further clarifies that Members are free to determine the appropriate method of implementing the provisions

of the TRIPS Agreement within their own legal system and practice.

■ Beneficiaries

As in the main pre-existing intellectual property conventions, the basic obligation on each WTO Member is to accord the treatment in regard to the protection of intellectual property provided for under the Agreement to persons of other Members. Article 1.3 defines who these persons are. These persons are referred to as "nationals" but include persons, natural or legal, who have a close attachment to other Members without necessarily being nationals. The criteria for determining which persons must thus benefit from the treatment provided for under the Agreement are those laid down for this purpose in the main pre-existing intellectual property conventions of WIPO, applied of course with respect to all WTO Members whether or not they are party to those conventions.

■ National and MFN treatment

The rules on most-favoured-nation (MFN) and national treatment of foreign nationals can be found in Articles 3-5 of the TRIPS Agreement. These rules are common to all categories of intellectual property covered by the Agreement.

• National treatment and exceptions

Article 3 on national treatment requires each Member to accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property. In respect of the national treatment obligation, the exceptions allowed under the four pre-existing WIPO treaties (Paris and Berne Conventions, the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations ("Rome Convention") and the Treaty on Intellectual Property in Respect of Integrated Circuits (IPIC)) are also allowed under TRIPS.

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An important exception to national treatment is the so-called comparison of terms for copyright protection allowed under Article 7(8) of the Berne Convention as incorporated into the TRIPS Agreement. If a Member provides a term of protection in excess of the minimum term required by the TRIPS Agreement, it does not need to protect a work for a duration that exceeds the term fixed in the country of origin of that work. In other words, the additional term can be made available to foreigners on the basis of “material reciprocity”.

In respect of performers, producers of phonograms and broadcasting organizations, this obligation applies only in respect of rights provided under the TRIPS Agreement.

There are some conditions on the use of national treatment exceptions in the case of judicial and administrative procedures.

• MFN and exceptions

Article 4 on MFN treatment requires that, with regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other Member shall be accorded immediately and unconditionally to the nationals of all other Members.

Where exceptions to national treatment allow material reciprocity, a consequential exception to MFN treatment is permitted under Article 4(b) and (c). Further limited exceptions to MFN are allowed under Article 4(a) concerning international agreements on judicial assistance or law enforcement of a general nature and under Article 4(d) concerning international agreements related to intellectual property that entered into force before 1 January 1995.

In addition, Article 5 of the TRIPS Agreement provides that national and MFN treatment obligations do not apply to procedures provided in multilateral agreements concluded under the auspices of WIPO relating to the acquisition or maintenance of intellectual property rights.

■ Exhaustion

The term “exhaustion” refers to the generally accepted principle in intellectual property law that a right owner’s exclusive right to control the distribution of a protected item lapses after the first act of distribution. In many countries, once the item has been put on the market by or with the consent of the right owner, the exclusive distribution right is “exhausted” (the principle is referred to in some jurisdictions as the “first-sale doctrine”) and further circulation of that item can no longer be controlled by the right holder.

National exhaustion means that the distribution right of the IPR owner is only considered exhausted if he has put the protected item on the market in that country. His distribution right would not be considered exhausted with regard to protected items that he had put on the market in another country, so that he can still control the sale or import of such items into the first country. Thus, parallel imports of products first sold on other markets are illegal in a country with a national exhaustion regime.

In contrast, if a country has an international exhaustion regime, this means that the right owner’s distribution right in that country is exhausted regardless of where the first act of distribution took place. Therefore, in countries with an international exhaustion regime, parallel imports are legally possible.

Article 6 of the TRIPS Agreement provides that, for the purposes of dispute settlement under the TRIPS Agreement, nothing in the Agreement shall be used to address the issue of the exhaustion of intellectual property rights, provided that the national and MFN treatment obligations are complied with. This was clarified in the 2001 Ministerial Declaration on the TRIPS Agreement and Public Health. It confirmed that the effect of the TRIPS provisions relevant to exhaustion of intellectual property rights was to leave each Member free to establish its own regime for exhaustion without challenge, subject to the MFN and national treatment provisions of Articles 3 and 4.

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■ Objectives

• General goals: Preamble

The general goals of the TRIPS Agreement are contained in the Preamble of the Agreement. These goals include the reduction of distortions and impediments to international trade, promotion of effective and adequate protection of intellectual property rights, and ensuring that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.

• Objectives: Article 7

The general goals contained in the Preamble of the Agreement should be read in conjunction with Article 7, entitled “Objectives”. Article 7 reflects the search for a balanced approach to IPR protection in the societal interest, taking into account the interests of creators and inventors. IPR protection is expected to contribute not only to the promotion of technological innovation, but also to the transfer and dissemination of technology in a way that benefits all stakeholders and that respects a balance of rights and obligations.

• Principles: Article 8

Article 8, entitled “Principles”, recognizes the rights of Members to adopt measures for public health and other public interest reasons and to prevent the abuse of intellectual property rights, provided that such measures are consistent with the provisions of the TRIPS Agreement.

Substantive protection of IPRs (Part II)

■ Copyright

WHAT ARE COPYRIGHT AND RELATED RIGHTS?

The term copyright is usually used to refer to the rights of authors in their literary and artistic works. Related rights are the rights of performers, producers of phonograms and broadcasting organizations. The main purpose of protecting copyrights and related rights is to encourage and reward creative work.

• Incorporation of the substantive provisions of the Berne Convention (1971)

During the Uruguay Round negotiations, it was recognized that the Berne Convention already, for the most part, provided adequate basic standards of copyright protection. Thus it was agreed that the point of departure should be the existing level of protection under the latest Act, the Paris Act of 1971, of that Convention.

The point of departure is expressed in Article 9.1 of the TRIPS Agreement, under which Members are obliged to comply with the substantive provisions of the Paris Act of 1971, i.e. Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto. However, Members do not have rights or obligations under the TRIPS Agreement in respect of the rights conferred under Article 6*bis* of that Convention, i.e. the moral rights (the right to claim the authorship and to object to any derogatory action in relation to a work, which would be prejudicial to the author’s honour or reputation), or of the rights derived therefrom.

• Clarifications and additional obligations

In addition to requiring compliance with the basic standards of the Berne Convention, the

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TRIPS Agreement clarifies and adds some specific points.

• What is the subject matter to be protected?

Copyright protects “literary and artistic works.” This expression includes “every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression.” Such works include computer programs and databases (Article 10).

Copyright protection does not cover any information or ideas contained in a work; it only protects original expressions (Article 9.2).

The TRIPS Agreement covers three categories of related rights: protection of performers, producers of phonograms (sound recordings) and broadcasting organizations.

• What are the rights conferred on holders of copyright and related rights?

The economic rights of an author of a work include, *inter alia*, the reproduction right; rental rights (Article 11); rights of public performance, broadcasting and communication to the public; and rights of translation and adaptation. As noted above, authors’ moral rights are not covered by the TRIPS Agreement.

Performers have the possibility of preventing certain unauthorized acts, such as fixation of their live performance on a phonogram and its unauthorized broadcasting (Article 14.1). Producers of phonograms have an exclusive reproduction right (Article 14.2) and a rental right (Article 14.4). Broadcasting organizations have the right to prohibit certain acts in respect of their broadcasts, such as re-broadcasting (Article 14.3).

• What are the permissible exceptions to these rights?

The provisions of the Berne Convention as incorporated into the TRIPS Agreement allow

free uses for certain specified purposes, such as quotation, illustration for teaching purposes, and reporting of current events. They also allow limitations to the reproduction right. Minor exceptions can be made to the public performance right.

Non-voluntary licences can be applied to broadcasting and communication to the public of works broadcast, as well as to the recording of musical works. Developing countries may provide compulsory licences, subject to certain conditions, in respect of reproduction and translation of works for educational purposes.

Article 13 of the TRIPS Agreement is a clause governing limitations and exceptions. It sets out the so-called “three-step test.” It permits limitations or exceptions to exclusive rights only if three conditions are met: (1) the limitations or exceptions are confined to certain special cases; (2) they do not conflict with a normal exploitation of the work; and (3) they do not unreasonably prejudice the legitimate interests of the right holder.

As regards related rights, a Member may provide certain specific limitations such as private use. In general, it may also provide for the same kinds of limitations as it provides for in respect of literary and artistic works (Article 14.6).

• The term of protection

In general, the minimum term of copyright protection is the life of the author and fifty years after his death (Article 12).

As regards related rights, the term of protection is at least 50 years for performers and producers of phonograms, and 20 years for broadcasting organizations (Article 14.5).

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■ Trademarks

WHAT IS A TRADEMARK?

A trademark is a sign, or a combination of signs, which is used to distinguish the goods or services of one enterprise from those of others.

The obligations of Members with respect to standards concerning the availability, scope and permissible limitations of trademark protection are given in Articles 15-21 in Section 2 of Part II of the TRIPS Agreement and in the substantive provisions of the Paris Convention incorporated into the Agreement by reference in Article 2.1.

• What is the subject matter to be protected?

Signs that are capable of distinguishing the goods or services of one undertaking from those of others are eligible for trademark protection. There are no constraints on the types of signs to be protected as a trademark (such as words, numbers, figurative elements or combinations of colours) but Members may make registration of signs dependent on visual perceptibility. Where a sign is not inherently capable of distinguishing goods and services, Members may limit registration to cases where the sign has acquired distinctiveness as a result of use (Article 15.1).

While the conditions for the filing and registering of a trademark are in principle determined by the domestic legislation of each Member country, there are a number of common rules that have to be observed by all Members.

• What are the rights conferred by a trademark?

In a Member, the owner of a registered trademark must at least be able to prevent the unauthorized use of an identical or similar sign on similar goods

or services in the course of trade, which would create a likelihood of confusion among consumers as to whether those goods or services originate from the right holder's undertaking.

If the trademark is considered a well-known trademark, such protection would apply even if the trademark is not registered in the country where protection is claimed and, in certain circumstances, extend to use of such signs also on products which are not similar to those in respect of which the trademark is registered (Article 16).

• What are the permissible exceptions to these rights?

The TRIPS Agreement provides in Article 17 a general clause which sets out the criteria that permissible exceptions to trademark rights must meet. Under this provision, Members are allowed to provide for limited exceptions to trademark rights if these take into account the legitimate interests of the right owner and those of third parties. This is a variation of the "three-step test" also applied in the copyright, industrial design and patent areas as can be seen from the relevant sections of this chapter.

Article 20 provides that the use of the trademark in the course of trade must not be unjustifiably encumbered by special requirements.

While Members can set conditions on how trademark rights can be licensed and transferred, they must ensure that compulsory licences are not available for trademark rights and that the transfer or assignment of a trademark is possible without (i.e. independently of) the transfer of the corresponding business (Article 21).

• The term of protection

The initial term of protection for trademarks in Members must be a minimum of seven years, which must be renewable indefinitely (Article 18). This means that protection of a trademark, provided that it is continuously renewed, may last for an indefinite period of time.

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If Members require the actual use of a trademark for maintaining its registration, a period of at least three years of uninterrupted non-use must be allowed before the registration of a trademark is cancelled (Article 19.1).

■ Geographical Indications

WHAT IS A GEOGRAPHICAL INDICATION?

A geographical indication (GI) identifies a good as originating in a particular region or locality in the territory of a WTO Member, where a given quality, reputation or other characteristic is essentially attributable to its geographical origin.

● What is the subject matter for protection?

The TRIPS Agreement requires Members to provide protection for geographical indications, which are defined under Article 22.1 as indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. This definition has been interpreted or implemented by Members in various ways. The main requirement is that there is a linkage between the quality, reputation or other characteristics of the good and its geographical origin as identified by the GI. Appellations of origin are a special category of geographical indication. The definition is limited to goods.

● What are the conditions for granting protection?

The TRIPS Agreement does not specify the legal form that the protection to be provided should take. It leaves it to Members to determine if and where the acquisition and maintenance of protection should depend on meeting prior procedural requirements and formalities. In practice various means of protecting geographical indications are used by Members, including: laws

on business practices (e.g., on unfair competition and on consumer protection); trademark law (i.e. certification or collective marks); and *sui generis* (i.e. a system created specially for this purpose) GI laws.

● What are the rights conferred?

The TRIPS Agreement requires two basic forms of protection to be available in respect of all GIs: against use in a manner that would mislead the public as to the true origin of the product; and against use that would constitute an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (Article 22.2).

Under Article 23, the level of protection required for geographical indications for wines and spirits is higher. It is not dependent on meeting tests of misleading the consumer or unfair competition and applies even if the true place of origin is indicated or the use is accompanied by certain qualifying terms such as “type” or “kind”, or the use is in translation. Under both Article 22 and Article 23, the right to take action must be available to any interested party, i.e. not only the right holder but also, for example, distributors.

Under Article 22.3, where a geographical indication is used as, or in, a trademark for goods not originating from the place identified by that indication, Members are required to provide legal means to reject the application for, or to invalidate the registration of, that trademark if that use would mislead the public as to the true origin of the goods.

Under Article 23.2, the use of a geographical indication as, or in, a trademark, on a wine or spirit not originating from the place identified by that geographical indication must as a general rule be prevented, whether or not the public would be misled.

Protection against the use of a homonymous geographical indication must be provided where it would mislead the public as to the true origin of the goods. For wines, the Members concerned will have to determine the practical conditions for the

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co-existence of homonymous GIs, notably in order to avoid the public being misled (Article 23.3).

The question of whether the additional protection required under Article 23 for GIs for wines and spirits should be extended to other products is being addressed as an outstanding implementation issue pursuant to paragraph 12 of the Doha Ministerial Declaration (WT/MIN(01)/DEC/1).

• What are the exceptions to rights?

Article 24 provides for a range of exceptions to the protection that would otherwise have to be given, notably in respect of terms that have become generic in the local language, certain prior trademark rights and certain other forms of prior use that pre-date the TRIPS Agreement.

The exceptions are accompanied by a commitment on the part of Members to be willing to enter into negotiations, bilaterally or multilaterally, including about the continued applicability of the exceptions. A specific role is also given to the Council for TRIPS to review the application of the TRIPS rules in this area and consult about compliance issues.

• Negotiations on a GI register

Article 23.4 gives the TRIPS Council the mandate to negotiate a multilateral system of notification and registration of GIs for wines eligible for protection in those Members participating in the system, with a view to facilitating their protection.

The negotiations are presently being pursued in the Doha Round, where the mandate has been extended to cover spirits as well.

■ Industrial Design

WHAT IS AN INDUSTRIAL DESIGN?

The term "industrial design" is generally understood to refer to the ornamental or aesthetic aspect of an article.

The TRIPS Agreement provides in Articles 25 and 26 that at least 10 years' protection must be available for independently-created industrial designs that are new or original.

Textile designs, which typically have a short life cycle, are particularly liable to copying and require protection in large numbers, are given special attention: requirements for obtaining protection should not unreasonably impair the possibility of gaining that protection (Article 25.2).

Owners of protected designs must be able to prevent the unauthorized manufacture, sale or importation, for commercial purposes, of articles bearing or embodying a design which is a copy of the protected design (Article 26.1).

The language on permissible exceptions to the rights conferred on the owner of industrial designs tracks closely that in Articles 13, 17 and 30 and is drawn from the so-called three-step test referred to first under the copyright section above (Article 26.2).

The duration of protection available shall amount to at least 10 years (Article 26.3).

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■ Patents

WHAT IS A PATENT?

A patent is the title given to the intellectual property right that is granted to protect inventions. It gives inventors an exclusive right to prevent others from exploiting the patented invention, during a limited period of time.

• What is the subject matter to be protected?

The TRIPS Agreement requires Members to make patents available for any inventions, whether products or processes, in all fields of technology without discrimination, subject to the tests of novelty, inventiveness and industrial applicability. It also requires that patents be available and patent rights enjoyable without discrimination as to the place of invention and whether products are imported or locally produced (Article 27.1).

Members shall require that an applicant for a patent disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application (Article 29.1).

• What are the permissible exclusions to patentable subject matter?

There are three permissible exclusions allowed to the basic rule on patentability. One is for inventions contrary to *ordre public* or morality; Members may refuse to patent inventions dangerous to human, animal or plant life or health or seriously prejudicial to the environment. The use of this exception is subject to the condition that the commercial exploitation of the invention must be prevented and this prevention must be necessary for the protection of *ordre public* or morality (Article 27.2).

The second exclusion is that Members may exclude from patentability diagnostic, therapeutic and surgical methods for the treatment of humans or animals (Article 27.3(a)).

The third exclusion under Article 27.3(b) is that Members may exclude plants and animals other than micro-organisms and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, any country excluding plant varieties from patent protection must provide an effective *sui generis* system of protection. They may also opt for a combination of patents and *sui generis* protection. Article 27.3(b) was made subject to review four years after entry into force of the Agreement. The review started in 1999 and is continuing.

Under the review and subsequently under a mandate agreed at Doha, the Council for TRIPS has examined also the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD) as well as the protection of traditional knowledge and folklore. The relationship between the TRIPS Agreement and the CBD has also been addressed as an outstanding implementation issue pursuant to paragraph 12 of the Doha Ministerial Declaration.

• What are the rights conferred on patent owners?

The exclusive rights that must be conferred by a product patent are the ones of making, using, offering for sale, selling, and importing for these purposes. Process patent protection must give rights not only over use of the process but also over products obtained directly by the process. Patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts (Article 28).

If the subject matter of a patent is a process for obtaining a product, the judicial authorities shall have the authority to order the defendant to prove that the process to obtain an identical product is different from the patented process, where certain conditions indicating a likelihood that the protected process was used are met (Article 34).

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• What are the permissible exceptions to these rights?

Exceptions to patent rights can be placed into two categories: limited exceptions and other uses without the authorization of the right holder which cover compulsory licences and government use.

• Limited exceptions

Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties (Article 30). The exception is thus subject to a variation of the “three-step test” referred to in the copyright section above.

• Compulsory licences

Compulsory licensing, including government use without the authorization of the right holder, are allowed without limitation as to grounds but subject to conditions aimed at protecting the legitimate interests of the right holder. The conditions are mainly contained in Article 31. These include the obligation, as a general rule, to grant such licences only if an unsuccessful attempt has been made to acquire a voluntary licence on reasonable terms and conditions within a reasonable period of time; to pay adequate remuneration in the circumstances of each case, taking into account the economic value of the licence; and that decisions be subject to judicial or other independent review by a distinct higher authority. Members may relax certain of these conditions in cases of emergency and public non-commercial use and where compulsory licences are employed to remedy practices that have been established as anticompetitive by a legal process. See also the section on TRIPS and Public Health below.

• What is the minimum period of patent protection to be accorded?

The term of protection available shall not end before the expiration of a period of 20 years counted from the filing date (Article 33). An opportunity for judicial review of any decision to revoke or forfeit a patent shall be available. (Art. 32).

■ Layout-designs

WHAT IS A LAYOUT-DESIGN?

A layout-design is the three-dimensional layout of an integrated circuit (or “chip”).

• IPIC treaty

The TRIPS Agreement requires Members to protect the layout-designs (“topographies”) of integrated circuits in accordance with the provisions of the Treaty on Intellectual Property in Respect of Integrated Circuits (IPIC Treaty), together with the additional provisions of Articles 36-38 of the TRIPS Agreement. These articles relate to the term of protection, the treatment of innocent infringers, the applicability of the protection to articles containing infringing integrated circuits, and compulsory licensing.

Members are to consider unlawful, if not authorized by the right-holder of the design, the reproduction and the importation, sale or other commercial distribution of a protected layout design, of integrated circuits incorporating such a design, or of articles which contain such integrated circuits (Article 36).

Innocent infringers, who import, sell or distribute integrated circuits that use unlawfully-copied layout-designs, must not be held to have acted unlawfully. They may sell remaining stocks after having been

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notified of the infringement, upon payment of a reasonable royalty to the right-holder (Article 37.1).

As regards compulsory licensing, the same conditions apply as those applying in the patent area under Article 31. This includes the provision that in the area of semiconductor technology compulsory licences can only be granted for public non-commercial use or to remedy anti-competitive practices (Article 37.2 read with Article 31(c)).

The protection is to last for a minimum of 10 years counted from the date of filing an application for registration or from the first commercial exploitation, wherever it occurs in the world (Article 38).

■ Undisclosed Information

WHAT IS UNDISCLOSED INFORMATION?

Undisclosed information refers to trade secrets and certain test or other data submitted to government agencies.

The TRIPS Agreement requires Members to provide for the protection of information that is secret, has commercial value and has been subject to reasonable steps to keep it secret. A person lawfully in control of such information must have the possibility of preventing it from being disclosed to, acquired by, or used by others without his consent in a manner contrary to honest commercial practices, including at least breach of contract, breach of confidence, inducement to breach of contract or confidence, as well as the acquisition of undisclosed information by third parties who knew or were grossly negligent in failing to know that such practices were involved in the acquisition (Articles 39.1 and 39.2).

The TRIPS Agreement requires Members to protect against unfair commercial use undisclosed

test or other data whose submission is required by governments as a condition of approving the marketing of pharmaceutical or agricultural chemical products which use new chemical entities. Members are also required to protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data is protected against unfair commercial use (Article 39.3).

■ Anti-competitive practices

WHAT ARE ANTI-COMPETITIVE PRACTICES?

Anti-competitive practices are practices or conditions that may, in particular cases, constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market.

The TRIPS Agreement recognizes, in Article 40, the right of Members to take measures to prevent or control anti-competitive abuses of IPRs as long as these measures are consistent with the TRIPS Agreement. The Agreement establishes a consultation procedure for mutual assistance between Members in such cases.

■ TRIPS and public health

• What does the Doha Declaration on the TRIPS Agreement and public health say?

The Doha Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2) responded to concerns about the possible implications of the TRIPS Agreement for public health, in particular access to patented medicines. It emphasized that the TRIPS Agreement does not and should not prevent Members from taking measures to protect public health. It reaffirmed the right of Members to use, to the full, the provisions of the TRIPS Agreement that provide flexibility for this purpose.

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The Declaration also made it clear that the TRIPS Agreement should be interpreted and implemented in a way that supports Members' right to protect public health and, in particular, to promote access to medicines for all. Further, it highlighted the importance of the objectives and principles of the TRIPS Agreement regarding the interpretation of its provisions.

Moreover, the Declaration clarified some of the flexibilities contained in the TRIPS Agreement, in particular that each Member: is free to determine the grounds upon which compulsory licenses are granted; has the right to determine what constitutes a national emergency or other circumstances of extreme urgency, recognising that public health crises, including those relating to HIV/AIDS, tuberculosis, malaria, and other epidemics, can represent such circumstances; and is free to establish its own exhaustion regime without challenge - subject to the general TRIPS provisions that prohibit discrimination on the basis of the nationality of persons.

In the Declaration, Members also agreed to provide least-developed country Members of the WTO with an extension of their transition period until the beginning of 2016² for protecting and enforcing patents and rights in undisclosed information with respect to pharmaceutical products. While emphasizing the flexibility in the TRIPS Agreement to take measures to promote access to medicines, the Declaration recognized the importance of IP protection for developing new medicines and reaffirmed the commitments of Members in the TRIPS Agreement.

• What is the paragraph 6 system about?

In its paragraph 6, the Doha Declaration recognized the problem of countries with insufficient or no manufacturing capacities in the pharmaceutical sector in making effective use of compulsory licensing when they need to call upon sources of supply from generic producers in third countries

² For more details, see Transitional Periods on pages 20.16 and 20.17.

where the medicines needed are patent-protected. In order to solve this problem, a General Council Decision of 30 August 2003 established the so-called Paragraph 6 System (WT/L/540, Corr.1).

A General Council Decision of 6 December 2005 (WT/L/641) transformed the waivers contained in the 2003 Decision into a permanent amendment to the TRIPS Agreement and submitted it to Members for acceptance. Both decisions were adopted in the light of a Chairman's statement setting out several key shared understandings of Members on how the Decision would be interpreted and implemented.

The Paragraph 6 System provides for three distinct derogations from the obligations set out in subparagraphs (f) and (h) of Article 31 with respect to pharmaceutical products, subject to certain conditions:

- First, a derogation from the obligation of an exporting Member under Article 31(f) to the extent necessary for the purposes of production and export of the needed pharmaceutical products to those countries that do not have sufficient capacity to manufacture them. This waiver is subject to certain conditions to ensure transparency in the operation of the system and that only countries with insufficient domestic capacity import under it, and to provide for safeguards against the diversion of products to markets for which they are not intended;

- Second, a derogation from the obligation under Article 31(h) on the importing country to provide adequate remuneration to the right holder in situations where remuneration in accordance with Article 31(h) is being paid in the exporting Member for the same products. The purpose of this waiver is to avoid double remuneration of the patent owner for the same product consignment; and

- Third, a further derogation from the obligation under Article 31(f) on any developing or least-developed country that is party to a regional trade arrangement at least half of the current membership of which is made up of countries presently on the United Nations list of least developed countries. The purpose of this waiver is to enable such countries to better harness economies of scale for the purposes

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of enhancing purchasing power for, and facilitating the local production of, pharmaceutical products.

■ IPRs Enforcement (Part III)

WHAT IS ENFORCEMENT?

Infringement of an IPR occurs when an act is undertaken which is inconsistent with the rights of the owner of the IPR and which is not subject to an admissible exception. Enforcement procedures allow the right holder to take effective action against the infringement of IPRs.

• What are the general objectives of the TRIPS enforcement provisions?

Under Article 41, enforcement procedures, which Members are required to make available under the TRIPS Agreement, are to permit prompt and effective action against any act of infringement of intellectual property rights covered by the Agreement. The general obligations contained in Article 41 also aim to ensure that certain basic principles of due process are met, in particular with respect to fair and equitable procedures and the right to appeal. They further stipulate that enforcement procedures are to be applied in a manner which avoids the creation of barriers to legitimate trade and provides for safeguards against their abuse. Finally, they address some general understandings about resource constraints and the relation with other areas of law enforcement.

• What are the obligations with respect to civil and administrative procedures?

The obligations provide that a right holder must be able to initiate civil judicial or, where applicable, administrative procedures against an IPR infringer. Those procedures must be fair and equitable (Article 42). Certain rules on evidence are established (Article 43). Members are required to provide judicial authorities with the authority to award three types of remedies: injunctions,

damages and other remedies, such as destruction or disposal of infringing goods outside the channels of commerce (Articles 44-46). As part of the safeguards against abuse, the obligations include provision for indemnification of the defendant where enforcement procedures have been abused by the right holder (Article 48).

• What are the obligations on provisional measures?

Provisional measures are temporary injunctions which constitute an important tool pending the solution of a dispute at a trial. The TRIPS Agreement under Article 50 obliges Members to allow their judicial authorities to order prompt and effective provisional measures to take action against alleged infringements. Those measures aim to prevent an IPR infringement from occurring and to preserve relevant evidence concerning the alleged infringement. Given the nature of these measures, most of the obligations on provisional measures concern certain procedural and other safeguards against the abuse of such measures.

• What are the obligations on border measures?

Border measures enable the right holder to obtain the cooperation of customs administrations to intercept infringing goods at the border and to prevent the release of such goods into circulation. The TRIPS Agreement makes this mandatory at least in regard to imports of counterfeit trademark and pirated copyright goods; Members may also make them available for infringement of other IPRs and infringing goods destined for exportation (Article 51). Border measures are subject to certain procedural requirements and safeguards against abuse, similar to those applying to provisional measures (Articles 52-58). As regards remedies, the competent authorities must be empowered to order the destruction or disposal outside the channels of commerce of infringing goods (Article 59).

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• What are the obligations with respect to criminal procedures?

Under the TRIPS Agreement Article 61, Members are obliged to provide for criminal procedures and penalties to be applied in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Their application to other cases of IPR infringement is optional. In terms of remedies, the agreement stipulates that sanctions available must include imprisonment and/or monetary fines, and, in appropriate cases, also seizure, forfeiture and destruction of the infringing goods and of materials and equipment used to produce them.

Other Provisions

■ Acquisition and maintenance of IPRs

On the whole, the TRIPS Agreement does not deal in detail with procedural questions concerning the acquisition and maintenance of intellectual property rights. Article 62 in Part IV of the Agreement contains some general rules on these matters, the purpose of which is to ensure that unnecessary procedural difficulties in acquiring or maintaining intellectual property rights are not employed to impair the protection required by the Agreement. Certain more specific rules are to be found in the sections of Part II dealing with individual categories of IPRs and in the provisions of the Paris Convention and the IPIC Treaty incorporated by reference.

■ Transitional Arrangements

• 1 January 1995: entry into force

The TRIPS Agreement gives all WTO Members transitional periods so that they can meet their obligations under it. The transitional periods, which depend on the level of development of the country concerned, are contained in Articles 65 and 66.

• 1 January 1996: developed countries + non-discrimination (all Members)

Developed country Members have had to comply with all of the provisions of the TRIPS Agreement since 1 January 1996.

Moreover, all Members, even those availing themselves of the longer transition periods, have had to comply with the national and MFN treatment obligations as of 1 January 1996 (Article 65.1).

• 1 January 2000: developing countries & economies in transformation

For developing countries, the general transition period was five years, i.e. until January 2000. The Agreement allowed countries in transition from a centrally-planned into a market economy to delay application until 2000, if they met certain conditions (Article 65.2,3).

• Pharmaceutical and agricultural chemicals

Under Article 65.4 developing countries were allowed to delay the application of the provisions on product patents in areas of technology not so protected as of 1.1.2000 by a further period of five years, namely up to 1.1.2005.

However, in respect of pharmaceutical and agricultural chemical products, any Member not providing patent protection had to allow the filing of patent applications as of the date of entry into force of the WTO Agreement, sometimes referred to as a "mailbox" (Article 70.8). If certain conditions are met, as specified in Article 70.9, exclusive marketing rights have to be made available to applicants under Article 70.8, pending the final decision on patent grant.

• Least-developed countries (LDCs)

Article 66.1 originally provided LDC Members a transitional period until 1 January 2006, with an extension upon a duly motivated request.

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Pursuant to the Doha Declaration on the TRIPS Agreement and Public Health (see above), the TRIPS Council decided in 2002 to extend the transition period for LDCs for certain obligations with respect to pharmaceutical products until 1 January 2016. This Decision can be found in document IP/C/25.

Supplementing this Decision, the General Council adopted a waiver for the same period in respect of the obligations of LDC Members under Article 70.9 concerning exclusive marketing rights. Thus, while LDC Members availing themselves of the extended transition period are required to provide a “mail-box” if they do not already provide patent protection for pharmaceutical products, the obligations in respect of exclusive marketing rights for such products have been waived until 1 January 2016. This decision can be found in document WT/L/478.

In 2005, upon a request of LDCs, the TRIPS Council extended the general transitional period for LDCs until 1 July 2013. This Decision calls for enhanced technical cooperation and capacity building by developed country Members and by the WTO in cooperation with WIPO and other international organizations. It provides that LDC Members will ensure that any changes in their laws, regulations and practice made during the additional transitional period do not result in a lesser degree of consistency with the provisions of the TRIPS Agreement. It is without prejudice to the earlier extension with respect to pharmaceutical products and to the right of LDC Members to seek further extensions. This Decision is contained in document IP/C/40.

• **Acceding countries**

Any transition periods for acceding countries are set out in their protocols of accession. With the exception of LDCs, newly acceded countries have generally agreed to apply the TRIPS Agreement as of the date of entry into force of their membership in the WTO.

■ **Protection of existing subject matter**

An important aspect of the transition arrangements under the TRIPS Agreement is the treatment of subject-matter existing at the time that a Member starts applying the provisions of the Agreement (e.g. already existing works, inventions or distinctive signs). These rules are contained in Article 70.

As provided in Article 70.2, the rules of the TRIPS Agreement generally apply to subject-matter existing on the date of the application of the Agreement for the Member in question (i.e. at the end of the relevant transition period) and which is protected in that Member on that date, or which is still capable of meeting the criteria for protection (e.g. undisclosed information or distinctive signs not yet protected as trademarks). There are additional requirements in respect of pre-existing copyrighted works and phonograms based on the provisions in Article 18 of the Berne Convention incorporated by reference into the TRIPS Agreement.

Implementation

■ **Notification**

The TRIPS Agreement obliges Members to make certain notifications to the Council for TRIPS. These notifications facilitate the Council’s work of monitoring the operation of the Agreement and promote the transparency of Members’ laws and policies on intellectual property protection. In addition, Members wishing to avail themselves of certain flexibilities provided in the Agreement that relate to the substantive obligations have to notify the Council.

Article 63.2 of the TRIPS Agreement requires Members to notify the laws and regulations by which they give effect to the Agreement’s provisions. This Article specifies that the purpose is to assist the TRIPS Council in its review of the operation of the Agreement.

The Council has agreed that laws and regulations should be notified without delay as of the time that

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the corresponding substantive TRIPS obligation starts to apply. Also any subsequent amendments should be notified without delay. These procedures can be found in document IP/C/2.

Given the difficulty of examining legislation relevant to many of the enforcement obligations in the TRIPS Agreement, Members have undertaken, in addition to notifying legislative texts, to provide information on how they are meeting these obligations by responding to a Checklist of Issues on Enforcement. This questionnaire can be found in document IP/C/5.

Articles 1.3 and 3.1 allow Members to avail themselves of certain options in regard to the definition of beneficiary persons and national treatment, provided that notifications are made to the Council for TRIPS.

Article 4 on MFN treatment provides that, with regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members. According to sub-paragraph (d) of that Article, exempted from this obligation are any advantage, favour, privilege or immunity accorded by a Member deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of the WTO Agreement, provided that such agreements are notified to the Council for TRIPS and do not constitute an arbitrary or unjustifiable discrimination against nationals of other Members.

Article 69 of the Agreement requires Members to establish and notify contact points in their administrations for the purposes of cooperation with each other aimed at the elimination of trade in infringing goods.

A number of notification provisions of the Berne and Rome Conventions are incorporated by reference into the TRIPS Agreement but without being explicitly referred to in it. A Member wishing to make such notifications has to make them to the Council for TRIPS, even if the Member in question

had already made a notification under the Berne or the Rome Convention in regard to the same issue.

All of the notifications referred to above are circulated in IP/N –series of documents that are available at the WTO Documents Online database at <http://docsonline.wto.org/>.

More details on the notification obligations can be found in the Technical Cooperation Handbook on Notification Requirements in the TRIPS Agreement (WT/TC/NOTIF/TRIPS/1).

■ Technical cooperation

Article 67 of the TRIPS Agreement requires developed country Members to provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favour of developing and least-developed country Members. According to this provision, the objective of such cooperation is to facilitate the implementation of the Agreement. The Article specifies that such assistance shall include assistance in the preparation of laws and regulations on the protection and enforcement of intellectual property rights as well as on the prevention of their abuse, and support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters, including the training of personnel.

In order to ensure that information on available assistance is readily accessible and to facilitate the monitoring of compliance with the obligation of Article 67, developed country Members have agreed to present descriptions of their relevant technical and financial cooperation programmes and to update this annually.

For the sake of transparency, intergovernmental organizations, such as WIPO and the World Health Organization (WHO), have also presented, on the invitation of the Council, information on their activities.

The information from developed country Members, intergovernmental organizations and the WTO Secretariat on their technical cooperation activities in the area of TRIPS is available on the WTO

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Documents Online database at <http://docsonline.wto.org/> in IP/C/W/- series of documents.

The TRIPS Council has agreed that each developed country Member should notify a contact point for technical cooperation on TRIPS, in particular for the exchange of information between donors and recipients of technical assistance. These notifications are being circulated in IP/N/7 - series of documents, which are available on the WTO Documents Online database.

■ Cooperation with WIPO

To facilitate the implementation of the TRIPS Agreement, the WTO concluded with WIPO an agreement on cooperation between the two organizations, which came into force on 1 January 1996. As explicitly set out in the Preamble to the TRIPS Agreement, the WTO aims to establish a mutually supportive relationship with WIPO. The Agreement provides for cooperation in three main areas, namely: (1) notification of, access to and translation of national laws and regulations; (2) implementation of procedures for the protection of national emblems; and (3) technical cooperation.

As regards notification of, access to and translation of national laws and regulations, the WTO Secretariat transmits to the WIPO Secretariat copies of the laws and regulations it has received from Members under Article 63.2 of the TRIPS Agreement. The WIPO Secretariat places such copies in its paper collection. It also makes laws and regulations contained in its collection available to the public in various ways, including in its Collection of Laws for Electronic Access (CLEA), available at the WIPO website (<http://www.wipo.int/clea/en/index.jsp>).

As regards the implementation of procedures for the protection of national emblems under Article 6*ter* of the Paris Convention for the purposes of the TRIPS Agreement, the cooperation agreement provides that the procedures relating to communication of emblems and transmittal of objections under the TRIPS Agreement shall be administered by the WIPO Secretariat in accordance

with the procedures it applies under Article 6*ter* of the Paris Convention.

As regards technical cooperation, the agreement provides that the WIPO and WTO Secretariats are to enhance cooperation in their legal-technical assistance and technical cooperation activities relating to the TRIPS Agreement for developing countries, so as to maximize the usefulness of those activities and ensure their mutually supportive nature. The assistance that each makes available to the members of its own organization will be made available also to the members of the other organization.

An example of this cooperation is the WIPO WTO Joint Initiative on Technical Cooperation for Least-Developed Countries that was launched in 2001. It is aimed at helping LDC Members of the WTO comply with their obligations under the TRIPS Agreement and make best use of the intellectual property system for their economic, social and cultural development. It is open to other LDCs as well.

The TRIPS Council Decision on the extension of LDCs' transition period discussed above calls upon the WTO to seek to enhance its cooperation with WIPO and other relevant international organizations.

2 MONITORING BODIES

Council for TRIPS

■ Monitoring the operation of the Agreement

The Council for TRIPS, open to all Members of the WTO, is the body responsible for the administration of the Agreement and in particular for monitoring the operation of the Agreement.

■ Review of national laws and regulations

One of the key mechanisms for monitoring is the examination of each Member's national implementing legislation by other Members, in particular at the end of its transition period. The notifications made pursuant to Article 63.2 discussed above form the basis for these reviews. The procedures for these reviews provide for written questions and replies prior to the review meeting, with follow-up questions and replies during the course of the meeting. At subsequent meetings of the Council, an opportunity is given to follow up points emerging from the review session which delegations consider have not been adequately addressed. The records of these reviews are circulated in IP/Q – series of documents, which are available on the WTO Documents Online database at <http://docsonline.wto.org/>.

■ Consultations

The TRIPS Council constitutes a forum for consultations on any problems relating to the TRIPS Agreement arising between countries, as well as for clarifying or interpreting provisions of the Agreement.

■ Forum for further negotiation or review

The WTO constitutes a forum for negotiations among its Members concerning their multilateral trade relations in the area of intellectual property, as in other areas covered by the WTO Agreement.

Certain specific areas of further work are called for in the text of the TRIPS Agreement (“built-in agenda”). These areas include: the negotiation of a multilateral system of notification and registration for geographical indications for wines; the review of Article 27.3(b) (which concerns the option to exclude from patentability certain plant and animal inventions); and the examination of the applicability to TRIPS of non-violation complaints under the dispute settlement process. Furthermore, the Doha Ministerial Declaration and the Declaration on the TRIPS Agreement and Public Health, both adopted in 2001, and certain subsequent ministerial declarations have given specific tasks to the Council's regular and special sessions.

Negotiations on the GI register are being pursued in the special session of the TRIPS Council. Work on the relationship between the TRIPS Agreement and the CBD takes place in the regular session of the Council. In addition, consultations on two outstanding implementation issues, namely on the extension of the higher level of protection required for GIs for wines and spirits to other products and the relationship between the TRIPS Agreement and the CBD have been undertaken, pursuant to paragraph 12 of the Doha Ministerial Declaration and subsequent Declarations. For further and more updated information, please visit the WTO website.

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3 DISPUTE SETTLEMENT

An important feature of the TRIPS Agreement is that disputes between Members about compliance with obligations under it can be subject to the integrated dispute settlement system of the WTO.

The Dispute Settlement Understanding (DSU) provides a mechanism for Members to settle disputes arising from their obligations under the WTO Agreements. Its function is to preserve the rights and obligations of Members under the covered agreements GATT, GATS and TRIPS.

Only Members (states or customs territories) can be party to disputes in the WTO. Under the DSU, Members are committed, if they wish to seek redress of a violation of a TRIPS obligation, to have recourse to, and abide by, the multilateral WTO dispute settlement procedures and not to make a determination that a violation has occurred except in accordance with these procedures and not to retaliate except in accordance with authorization from the Dispute Settlement Body.

The WTO dispute settlement system is designed so as to ensure a rule of law in international trade relations through the impartial and effective resolution of disputes between Members.

Dispute settlement procedures can be divided into three main parts: (i) consultations between the parties; (ii) adjudication by panels and, if applicable, the Appellate Body; and (iii) adoption of panel/appellate reports(s) and implementation of the ruling.

As of January 2008, 26 dispute settlement cases had been initiated in the WTO in the area of TRIPS in relation to 21 distinct matters. The Annex contains a table of dispute settlement cases in the area of TRIPS.

■ Non-violation and situation complaints

Most complaints brought to the dispute settlement system concern an alleged failure by another Member to carry out its obligations under WTO Agreements. These are commonly known as “violation complaints”.

“Non-violation” deals with a government’s ability to bring a dispute to the WTO, based on loss of an expected benefit caused by another Member’s actions, even if no WTO Agreement or commitment has actually been violated. An example of this could be where a government has agreed to lower tariffs on goods, but then introduces national measures that nullify the tariff reduction, for example by providing an equivalent production subsidy to its domestic producers.

A “situation” complaint is understood to cover any situation that results in nullification or impairment of benefits, under WTO Agreements.

In general, the aim of non-violation and situation complaints is to help preserve the balance of benefits struck during multilateral negotiations, recognizing that it is not possible or desirable to seek to regulate measures that may affect the value of such benefits.

Initially, Article 64.2 of the TRIPS Agreement prevented the application of non-violation and situation complaints to disputes under the TRIPS Agreement within the first five years of the entry into force of the Agreement. Article 64.3 instructed the TRIPS Council to examine the extent and way (“scope and modalities”) in which complaints of this type could be made and make recommendations to the General Council by the end of 1999.

This “moratorium” on the use of non-violation and situation complaints has been extended a number of times, namely by the Doha Ministerial Conference in 2001, by the WTO General Council in 2004 as part of the so-called July 2004 package, and by the Ministerial Conference in Hong Kong, China in 2005. At the same time, the TRIPS Council has been instructed to continue its examination of the scope and modalities for these type of complaints and make recommendations.

More information on the ongoing discussions and delegations’ positions on non-violation complaints at the TRIPS Council is available in the Secretariat summary note (IP/C/W/349/Rev.1), as well as the factual background note, which focused primarily on experience with non-violation complaints under the GATT/WTO (IP/C/W/124).

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ANNEX: DISPUTE SETTLEMENT CASES IN THE AREA OF TRIPS (AS OF JANUARY 2008)

Document Series	Defendant and full title of dispute settlement case (short titles provided for cases in respect of which the DSB has adopted a report)	Complainant	Request for consultations	Status	List of selected documents
IP/D/26 WT/DS362/1 (also G/L/819)	CHINA – Measures Affecting the Protection and Enforcement of Intellectual Property Rights	UNITED STATES	10 April 2007	Panel established on 25 September 2007	
IP/D/25 WT/DS290/1 (also G/L/623 G/TBT/D/27)	EUROPEAN COMMUNITIES – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs	AUSTRALIA	17 April 2003	Panel report adopted on 20 April 2005	Panel Report WT/DS290/R
IP/D/24 WT/DS224	UNITED STATES - US Patent Code	BRAZIL	31 January 2001	Consultations pending	
IP/D/23 WT/DS199	BRAZIL - Measures Affecting Patent Protection	US	30 May 2000	Mutually agreed solution notified on 5 July 2001	Mutually agreed solution WT/DS199/4
IP/D/22 WT/DS196	ARGENTINA - Certain Measures on the Protection of Patents and Test Data	US	30 May 2000	Mutually agreed solution notified on 31 May 2002	Mutually agreed solution WT/DS196/4
IP/D/21 WT/DS186	UNITED STATES - Section 337 of the Tariff Act of 1930 and Amendments thereto	EC	12 January 2000	Consultations pending	
IP/D/20 WT/DS176	UNITED STATES - Section 211 Omnibus Appropriations Act of 1998 (US – Section 211 Appropriations Act)	EC	8 July 1999	Appellate Body and Panel reports adopted on 1 February 2002	Panel report WT/DS176/R Appellate Body report WT/DS176/AB/R
IP/D/19 WT/DS174 IP/D/19/Add.1 WT/DS174/ Add.1 (also G/L/619)	EUROPEAN COMMUNITIES - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs	US	1 June 1999 4 April 2003 (additional consultations)	Panel report adopted on 20 April 2005	Panel Report WT/DS174/R

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Document Series	Defendant and full title of dispute settlement case (short titles provided for cases in respect of which the DSB has adopted a report)	Complainant	Request for consultations	Status	List of selected documents
IP/D/18 WT/DS171	ARGENTINA - Patent Protection for Pharmaceutical and Agricultural Chemical Products	US	6 May 1999	Mutually agreed solution notified on 31 May 2002	Mutually agreed solution WT/DS171/3
IP/D/17 WT/DS170	CANADA - Term of Patent Protection (<i>Canada – Patent Term</i>)	US	6 May 1999	Appellate Body and Panel reports adopted on 12 October 2000	Panel report WT/DS170/R Appellate Body Report WT/DS170/AB/R
IP/D/16 WT/DS160	UNITED STATES – Section 110(5) of the US Copyright Act (<i>US – Copyright Act</i>)	EC	26 January 1999	Panel report adopted on 27 July 2000 Recourse to Arbitration under Article 25 of the DSU on 23 July 2001 Referral to Arbitration under Article 22.6 of the DSU on 18 January 2002 Notification of a Mutually Satisfactory Temporary Arrangement notified on 23 June 2003 (effective until 21 December 2004)	Panel report WT/DS160/R Award of the Arbitrators WT/DS160/ARB25/1 Mutually Satisfactory Temporary Arrangement WT/DS160/23
IP/D/15 WT/DS153	EUROPEAN COMMUNITIES - Patent Protection for Pharmaceutical and Agricultural Chemical Products	CANADA	2 December 1998	Consultations pending	
IP/D/14 WT/DS125 (Concerns same measures as DS124)	GREECE – Enforcement of Intellectual Property Rights for Motion Pictures and Television Programs	US	30 April 1998	Mutually agreed solution notified on 20 March 2001	Mutually agreed solution WT/DS125/2
IP/D/13 WT/DS124 (Concerns same measures as DS125)	EUROPEAN COMMUNITIES – Enforcement of Intellectual Property Rights for Motion Pictures and Television Programs	US	30 April 1998	Mutually agreed solution notified on 20 March 2001	Mutually agreed solution WT/DS124/2

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Document Series	Defendant and full title of dispute settlement case (short titles provided for cases in respect of which the DSB has adopted a report)	Complainant	Request for consultations	Status	List of selected documents
IP/D/12 WT/DS115 (Concerns same measures as DS82)	EUROPEAN COMMUNITIES – Measures Affecting the Grant of Copyright and Neighbouring Rights	US	6 January 1998	Mutually agreed solution notified on 6 November 2000	Mutually agreed solution WT/DS82/3
IP/D/11 WT/DS114	CANADA - Patent Protection of Pharmaceutical Products (Canada – Pharmaceutical Patents)	EC	19 December 1997	Panel report adopted on 7 April 2000	Panel report WT/DS114/R
IP/D/10 WT/DS86	SWEDEN - Measures Affecting the Enforcement of Intellectual Property Rights	US	28 May 1997	Mutually agreed solution notified on 2 December 1998	Mutually agreed solution WT/DS/86/2
IP/D/9 WT/DS83	DENMARK - Measures Affecting the Enforcement of Intellectual Property Rights	US	21 May 1997	Mutually agreed solution notified on 7 June 2001	Mutually agreed solution WT/DS/83/2
IP/D/8 WT/DS82 (Concerns same measures as DS115)	IRELAND - Measures Affecting the Grant of Copyright and Neighbouring Rights	US	14 May 1997	Mutually agreed solution notified on 6 November 2000	Mutually agreed solution WT/DS82/3
IP/D/7 WT/DS79	INDIA - Patent protection for pharmaceutical and agricultural chemical products (India – Patents II)	EC	28 April 1997	Panel report adopted on 22 September 1998	Panel report WT/DS/79/R
IP/D/6 WT/DS59 (See related complaints by the EC DS54 and Japan DS55 and 64)	INDONESIA – Certain Measures Affecting the Automobile Industry (Indonesia – Autos)	US	8 October 1996	Panel report adopted on 23 July 1998	Panel report WT/DS59/R
IP/D/5 WT/DS50	INDIA - Patent Protection for Pharmaceutical and Agricultural Chemical Products (“mail box” case) (India – Patents I)	US	2 June 1996	Appellate Body and Panel reports adopted on 16 January 1998	Panel report WT/DS50/R Appellate Body report WT/DS50/AB/R
IP/D/4 WT/DS42	JAPAN - Measures Concerning Sound Recordings	EC	24 May 1996	Mutually agreed solution notified on 7 November 1997	Mutually agreed solution WT/DS42/4

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Document Series	Defendant and full title of dispute settlement case <i>(short titles provided for cases in respect of which the DSB has adopted a report)</i>	Complainant	Request for consultations	Status	List of selected documents
IP/D/3 WT/DS37	PORTUGAL - Patent Protection under the Industrial Property Act	US	30 April 1996	Mutually agreed solution notified on 3 October 1996	Mutually agreed solution WT/DS37/2 and Corr.1
IP/D/2 WT/DS36	PAKISTAN - Patent Protection for Pharmaceutical and Agricultural Chemical Products	US	30 April 1996	Mutually agreed solution notified on 28 February 1997	Mutually agreed solution WT/DS36/4
IP/D/1 WT/DS28	JAPAN - Measures Concerning Sound Recordings	US	9 February 1996	Mutually agreed solution notified on 24 January 1997	Mutually agreed solution WT/DS28/4