WIPO-WTO COLLOQUIUM PAPERS
RESEARCH PAPERS FROM THE WIPO-WTO COLLOQUIUM
FOR TEACHERS OF INTELLECTUAL PROPERTY LAW  2010
WIPO-WTO COLLOQUIUM FOR TEACHERS OF INTELLECTUAL PROPERTY (2010)

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RESEARCH PAPERS FROM THE WIPO-WTO COLLOQUIUM FOR TEACHERS OF INTELLECTUAL PROPERTY (2010)

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FOREWORD BY THE DIRECTORS-GENERAL OF WIPO AND THE WTO

Mr Francis Gurry

Mr Pascal Lamy

The WIPO-WTO Colloquium for Teachers of Intellectual Property (IP) has become a central feature of the burgeoning cooperation between the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO) on practical capacity building. The course grew from the recognition that the developmental benefits from the intellectual property system can only be reaped through skilled adaptation to national circumstances and judicious use by informed practitioners. It therefore aimed to bolster the capacity of those best placed to ensure truly sustainable, long-term benefits from the adept use of the IP system – those who teach the IP practitioners of the future, and those who conduct research on IP law and policy.

The programme has been a conspicuous success, measured both by the quality of participation – high demand for places means that the course is highly selective – and the way in which participants have actively contributed substance to the programme, offered ideas for its continual improvement, and built valuable connections with each other and the two Secretariats.

To date, the programme has produced more than 140 alumni who, by all accounts, are doing sterling work in their home countries; many have maintained valuable links with one another, building a diverse network of highly engaged teachers and researchers, reaching across the developing world, which is the principal focus of the programme, but also including a number of developed countries.

After seven successful years, improvements have been made to the programme by taking the participants’ recommendations into account.

One of the recommendations by previous graduates was to collate individual contributions by participants on the various subjects covered in the Colloquium so that they could be shared with those who did not get the opportunity to attend the course, and help sustain the intellectual exchanges that characterize the programme. This publication is a compilation of those contributions from eleven of the participants in the Class of 2010.
The papers in this publication cover virtually every area of IP from biotechnology to patents, trademarks, geographical indications, copyright, and Internet domain names. Issues relating to competition law, public health, innovation, technology transfer and the interaction between domestic and international IP laws have also been covered.

The Colloquium publication is one example of the growing cooperation between WIPO and the WTO. Such efforts are particularly crucial in light of the two organizations' mandates and ongoing efforts to ensure that development considerations are an integral part of their work.

IP has a significant impact on the everyday lives of all citizens around the world. Without the understanding, support, and global participation of all peoples across the societal spectrum, innovation will be stifled and development will be impeded. Initiatives such as the Colloquium play an important role in building capacity, raising awareness, and engaging all societies that are affected by the evolution of the international IP landscape.

We sincerely congratulate the contributors for their commendable efforts. We also extend our gratitude to our colleagues in the WIPO Academy and the WTO IP Division for organizing the Colloquium and facilitating the publication.

Francis Gurry  
Director General  
World Intellectual Property Organization

Pascal Lamy  
Director-General  
World Trade Organization
The field of intellectual property has entered a period of unprecedented globalization and a building of international institutions, bringing with it a deepened understanding of the centrality of a balanced and effective intellectual property system in economic and social development. Yet this same period has precipitated an intensive, wide-ranging process of inquiry about how to adapt and apply the principles of intellectual property to promote beneficial outcomes at the national level, in countries that are highly diverse in their economic, social and technological make-up, in their developmental priorities, and in their legal and commercial systems.

Equally, an intellectual property dimension has been apparent in many of the most pressing and challenging public policy issues of the day – including on such fundamental questions as public health, the environment, and food security, with complex, testing debates over intellectual property and the rights of indigenous peoples, equity in the use of genetic resources, promoting a green energy economy, dissemination of creative works on the Internet, diversifying ideas of the innovative and creative processes, and calls for greater access to educational materials.

An essential set of questions concern how intellectual property systems can and should be harnessed to promote social, cultural and economic development, and what are the key design considerations that ensure that intellectual property systems can fulfil their expected role.

The contemporary field of intellectual property is therefore characterized by profound and searching debates on questions of essential public policy; an approach to policymaking that places greater emphasis on empirical research and theoretical clarity; and the harvesting of practical experience from an ever widening base of national intellectual property systems and participants in the policy and practice of intellectual property. It is, therefore, a field in need of a deeper and wider research effort; sophisticated, informed and carefully tailored approaches to education and practical capacity building; and, above all, for dialogue and debate founded on a richer base of information, theoretical understanding and practical experience.
Both WIPO and the WTO have been called upon to play a role in strengthening capacity to deal with the intellectual challenges of these policy debates. This increasing diversity of demand for capacity-building support has had a profound impact on programme design and delivery. The WIPO Academy has developed a wide range of specialist courses and training activities to respond to this evolving pattern of demand, and to reach out to and support an ever widening range of stakeholders.

The WTO Intellectual Property Division has also broadened and tailored its technical cooperation and policy support activities, developing a wider engagement with current international issues and with a broader base of stakeholders, exemplified by work on public health issues. But none of these outcomes can be possible without partnerships – the sharing of ideas, pooling of resources, and coordination of practical activities – so that the necessary wide range of experience and expertise can be drawn on to meet diverse needs.

Both the WIPO Academy and the WTO Intellectual Property Division therefore enjoy many valuable partnerships as a central strategy in ensuring programme delivery. The joint Colloquium exemplifies many of the current trends in technical assistance and capacity building: it builds upon and extends an existing partnership between WIPO and WTO; it responds to the need for stronger, broader dialogue and a greater involvement of voices from all perspectives in contemporary debates; it recognizes the central role of indigenous capacity building and of the key contribution of intellectual property teachers and researchers as the mainstay of sustainable development of the necessary intellectual property expertise in developing countries; it transcends traditional boundaries between regions and between ‘north’ and ‘south’, to promote a wider, richer dialogue; and it recognizes the importance, today, of moving beyond a simple, one-way ‘educational’ function to one of sustaining a collective search for understanding, respectful of the diverse background and intellectual contributions of the ever widening range of teachers and researchers engaged with intellectual property and its cognate fields.

The Colloquium has, in particular, laid emphasis on the role of participants as active players, as informed, stimulating teachers and researchers who bring to the two-week dialogue as much as they take away from it. However, past feedback stressed the need to capture, in more permanent form, the many insights that are gleaned from these few days of intensive, vigorous discussion and debate. It was clear that the participating teachers and researchers were bringing important new ideas and insights to global debates, and that the wider policy and academic communities would benefit from their wider dissemination.

These thoughts, guided very much by the participating teachers and researchers themselves, are what gave rise to the present publication, which is in a way a tribute to the intellectual energy and curiosity of the many alumni of the past Colloquia, with whom we continue to enjoy a range of partnerships and dialogue.

WIPO and the WTO both host numerous meetings every year, in Geneva and in many locations elsewhere, and under numerous headings: committees, seminars, workshops, roundtables, symposia, and so on. But amidst all this activity, the idea of a ‘colloquium’ has a special ring to it – for the WIPO-WTO Colloquium, it connotes a spirit of academic enquiry, a search for new ideas and new ways of analysing intellectual property and related fields, through open debate, rigorous research, and new ways of communicating the complexities of intellectual property law, practice and policy. We trust that this new publication will bring to a wider community of researchers, policymakers and teachers some of the colloquium spirit that we have valued so much in this unique programme.
All of us who have participated in the Colloquium have benefited from the hard work and dedication of many colleagues within WIPO and the WTO Secretariat. For WIPO, these include our colleagues from the WIPO Academy. For the WTO, these include our colleagues from the Intellectual Property Division. All have been utterly indispensable in the design and delivery of this programme, and their spirit of collegiality makes a demanding programme also a pleasurable one.

Antony Taubman
Director
Intellectual Property Division
World Trade Organization

Marcelo di Pietro Peralta
Director
WIPO Academy
World Intellectual Property Organization
Special thanks to Marcelo di Pietro Peralta (Director of the WIPO Academy) and Antony Taubman (Director of the WTO Intellectual Property Division) for their strong support of the project; to Mariela Borgarello for assembling the authors’ initial submissions; and to Tavengwa Runyowa (editor) and Karla Brepsant (copy-editor) for conducting the editorial work; and finally to Martha Chikowore and Xiaoping Wu for their commendable work in organizing the Colloquium and coordinating the creation of this publication. Gao Hang and Jayashree Watal played a key role in the conception and development of the Colloquium initiative. We extend strong appreciation to all for their contributions, and to many other colleagues not mentioned here, who have done so much to make the Colloquium initiative a success.
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Class of 2010

Participants of the WIPO-WTO Colloquium for Teachers of Intellectual Property (2010) with Director-General of the WTO, Mr Pascal Lamy (centre), flanked by Mr Marcelo di Pietro Peralta, Director of the WIPO Academy (centre right) and Mr Hannu Wager of the WTO Intellectual Property Division (centre left). Also pictured are Mr Tshimanga Kongolo and Ms Martha Chikowore of the WIPO Academy, as well as Ms Xiaoping Wu, Mrs Thu-Lang Tran Wasescha and Mr Wolf Meier-Ewert of the WTO Intellectual Property Division
THE CRITERIA FOR REGISTRATION OF SCENT TRADEMARKS UNDER THE ARGENTINE LAW ON TRADEMARKS AND DESIGNATIONS NO. 22.362

Mariela Borgarello

ABSTRACT

This paper analyses the criteria for the registration of scent trademarks in Argentina under the Law on Trademarks and Designations No. 22.362 of 26 December 1980. This will be done by analysing the case of L’Oreal v. Antiall S.A. s/ Cese de Oposición al Registro de Marca, which not only examines local doctrines on scent trademarks, but also considers foreign precedents when deciding their registration in Argentina. The work includes the author’s comments on the ruling and concludes with remarks on the related TRIPS Agreement provisions on trademarks.

Mariela Borgarello (Argentina) graduated with a law degree from the University of Buenos Aires in 1991. In 1994, she obtained her Master’s degree in Management of Science and Technology at the Centre of Advanced Studies, also at the University of Buenos Aires. She has been Legal Representative of the National Institute of Industrial Property before the courts since 1996, and Legal Counsellor in Industrial Property Matters since 1995. Ms Borgarello holds the Chair of International and Regional Jurisprudence on Trademarks and Patents at the Latin American Faculty of Social Sciences (FLACSO-Buenos Aires). She is also a Senior Lecturer in Patent Law at the Austral University School of Laws (Buenos Aires) Post-Graduate Degree in Intellectual Property Rights. In 2007, Ms Borgarello was invited to conduct research on European Patent Law at the Max Planck Institute for Intellectual Property, Competition and Tax Law (Munich). At present, Ms Borgarello's research interests are focussed on Non-Traditional Trademarks and Biotechnology.


L’Oreal (applicant) claimed the scents of ‘Damask’, ‘Cherry’, ‘Watermelon’, ‘Banana-Melon’, ‘Grape’ and ‘Cherry-Raspberry’, to be applied to the packages of products under Class 3 of the Nice Classification. Antiall filed oppositions during administrative proceedings before the Trademark Office on the grounds that the scent trademarks should not be categorized as signs, were not trademarks, lacked distinctiveness and, finally, that the applicant L’Oreal did not have a legitimate interest under Article 4 of Law No. 22.362. Applicant and Opponent failed to reach an agreement by negotiation. Consequently, L’Oreal brought a court action to have the Antiall’s oppositions set aside. Finally, Justice Wathelet ruled against Antiall (defendant) and the six oppositions were withdrawn.

Introduction

Non-Traditional Trademarks\(^3\) are usually classified under two main categories: ‘Visible Marks’ (i.e., colors, shapes, moving images/motion marks, holograms, positions\(^4\) and gestures\(^5\)) and ‘Non-Visible Marks’ (e.g. sounds, tastes, textures and scents).

Article 1 of the Law on Trademarks and Designations No. 22.362 provides protection for signs that may be registered as trademarks to distinguish goods and services.\(^6\) The criteria for registration is established in the last paragraph of Article 1, which specifies that any sign which complies with the distinctiveness requirement may be eligible for protection under Law No. 22.362.

The protection of scent trademarks is a new issue under Argentina’s Law No. 22.362. Though the legislation does not explicitly mention scent trademarks, coverage of the subject matter is implied in the text.

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\(^4\) A ‘position mark’ is a mark that consists of figures and positions of the figure. Even if the figurative element in the mark is in itself not distinctive, the mark may have distinctiveness when attached to a product in a particular position. See http://www.jpo.go.jp/iken_e/pdf/iken_e_newtype/iken_e_sinsyouhyou.pdf [Accessed on 1 May 2011].

\(^5\) An example of a ‘gesture trademark’ is tennis player Lleyton Hewitt’s characteristic hand signal. The gesture and the accompanying ‘C’mon’ are claimed to be known as ‘doing a Lleyton’. See http://www.australiantrademarkslawblog.com/2008/01/articles/choosing-a-brand/lleyton-hewitts-trade-marks-may-overreach/ [Accessed on 22 April 2011].

\(^6\) According to the definition by WIPO's Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, a position trademark shall be deemed as one of non-traditional trademarks. The application for registration of such trademarks shall contain a reproduction, which shall be clear and explicit enough to enable the examiner of the Trademark Office to verify the object to be protected. In such applications, the part that needs no protection shall be marked with the dotted line. If necessary, the position where the trademark is applied shall be illustrated. Now, position trademarks can be registered as a type of individual trademarks to receive protection in some European countries, such as Germany and France. See http://www.ccpit-patent.com.cn/News/2009030301a.htm [Accessed on 1 May 2011].

\(^5\) An example of a ‘gesture trademark’ is tennis player LLEYTON HEWITT’S characteristic hand signal. The gesture and the accompanying ‘C’MON’ are claimed to be known as ‘doing a Lleyton’. See http://www.australiantrademarkslawblog.com/2008/01/articles/choosing-a-brand/lleyton-hewitts-trade-marks-may-overreach/ [Accessed on 22 April 2011].

\(^6\) With regard to an application for the registration of a gesture mark, the representation of such a mark may consist of a single picture when the mark is treated as a figurative mark or several frames depicting the gesture, if the mark is considered a motion mark. A written description explaining the gesture may also be submitted. See Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications. 'Representation of Non-Traditional Trademarks. Areas of Convergence'. Document prepared by the Secretariat. WIPO/STrad/INF/3. Original: English. 5 May 2009. Available at: http://www.wipo.int/sct/en/meetings/pdf/wipo_strad_inf_3.pdf [Accessed on 1 May 2011].

\(^6\) Law No. 22.362 Article 1: ‘The following may be registered as trademarks to distinguish goods and services: one or more words, with or without meaning; drawings; emblems; monograms; engravings; stampings; seals; images; bands; combinations of colors applied to a particular place on the goods or their packaging, wrappers or containers; combinations of letters and of numbers; letters and numbers insofar as they concern the special design thereof; advertising phrases, relief having distinctive capacity; and all other signs having such capacity.’ Available at http://www.wipo.int/clea/docs_new/pdf/en/ar/ar006en.pdf [Accessed on 1 May 2011].
In light of this context, this paper will discuss two main issues. The first is the appropriateness of applying the graphical representation requirement to the registration of scent trademarks in Argentina. This issue is also the subject of debate at the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications. The second issue that will be discussed is how to comply with the ‘distinctiveness requirement’ set out in Article 19 of Law No. 22.362.

The approach to addressing both issues will involve exploring solutions concerning the registration of scent trademarks at the domestic level by analysing rules, judicial decisions, and foreign administrative practices.

Argentine Trademark Law No. 22.362

Law No. 22.362 provides the legal framework for trademark protection in Argentina. It regulates their acquisition, scope and how the trademark owner’s rights can be extinguished. It also establishes criminal penalties for several types of violations relating to registered trademarks.

The Law protects any distinctive signs that are not explicitly excluded in its text12, and which identify and distinguish goods or services in industry and commerce. In addition to preventing consumer confusion, Law No. 22.362 is also concerned with addressing acts of unfair competition.

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7 See First Directive 89/104/EEC of the Council, of 21 December 1988, to approximate the laws of the Member States relating to trade marks, Article 2: ‘Signs of which a trademark may consist. A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings’. Available at http://oami.europa.eu/en/mark/aspects/direc/direc.htm. [Accessed on 1 May 2011].


9 See footnote 6 and accompanying text.


12 Law No. 22.362, Article 3: ‘The following may not be registered: a) a trademark identical to one previously registered or applied for to distinguish the same goods or services; b) trademarks similar to others already registered or applied for to distinguish the same goods or services; c) appellations of origin, whether national or foreign. "Appellation of origins" is understood to mean the name of a given country, region, place or geographical area that serves to designate a product emanating there from, the qualities and characteristics of which are exclusively due to the geographical environment. An appellation of origin shall also be considered to be that which refers to a given geographical area for the purposes of particular goods; d) trademarks which are liable to induce error as to the nature, properties, merit, quality, manufacturing methods, purpose, origin, price or other characteristics of the goods or services that they are intended to distinguish; e) words, drawings and other signs that are contrary to morality or public order; f) letter, words, names, distinctive signs and symbols that are used or must be used by the State, provinces and municipalities and by religious and health organizations; g) the letters, words, names or distinctive signs that are used by foreign States and international bodies recognized by the Argentine Government; h) the name, pseudonym or portrait of a person, without his consent or that of his heirs down to the fourth degree inclusive; i) the names of activities, including names and
In order to secure a trademark, an application must be filed with the National Board of Industrial Property (INPI).\textsuperscript{13} Once a trademark application is filed, it is published in the Official Gazette for the purposes of notifying potential objectors to its registration.\textsuperscript{14}

Oppositions to the registration of a trademark must be lodged with the National Board of Industrial Property (INPI) within 30 days from the publication, as provided for in Section 12.\textsuperscript{15}

Within the said period, the National Board of Industrial Property (INPI) carries out a search of the trademark and renders an opinion as to its registrability.\textsuperscript{16}

The applicant is to be given notice of the oppositions filed, and of the objections that may have been raised to the application.\textsuperscript{17}

If oppositions are unresolved by negotiation between applicant and opponent within the one-year term fixed in Section 16\textsuperscript{18}, the applicant must proceed according to Article No. 17 of Trademark Law No. 22.362, which provides that legal action to have an opposition set aside will be filed with the National Board of Industrial Property. Within ten days of receiving the Bill of Complaint, the Board will forward it, together with the attachments and a copy of the administrative proceedings relating to the opposed mark, to the Federal Court of Civil and Commercial Matters of the Federal Capital.

\begin{itemize}
  \item company names which describe an activity, to distinguish goods; nevertheless, acronyms, words and other signs having distinctive capacity and forming part of such names may be registered to distinguish goods or services;
  \item advertising phrases that lack originality”.
\end{itemize}


\textsuperscript{13} Law No. 22.362, Article 10: ‘Persons wishing to obtain registration of a trademark shall file an application for each class in which registration is sought; the application shall include their name, domicile and a special address stipulated in the Federal Capital, a description of the trademark and a statement of the good or services that it is intended to distinguish’.


\textsuperscript{14} Law No. 22.362, Article 12: ‘Where the Application Authority finds that the legal formalities have been complied with in respect of the filing of an application for registration, it shall publish the application for one day in the Trademark Gazette at the applicant’s expense’. Article 13: ‘Oppositions to the registration of a trademark must be lodged at the National Board of Industrial Property within 30 calendar days from the publication provided for in Section 12’.


\textsuperscript{15} In accordance with Article 13 of Law No. 22.362, paragraph 1.

\textsuperscript{16} In accordance with Article 12 of Law No. 22.362, paragraph 2.

\textsuperscript{17} In accordance with Article 15 of Law No. 22.362.

\textsuperscript{18} Law No. 22.362, Article 16: ‘After one year has passed from the notification period provided under Section 15, the application shall be declared abandoned if any of the following cases: (a) if the applicant and opponent have failed to reach an agreement enabling and administrative decision to be taken, and if the applicant fails to institute court action within the said term; (b) if the court action instituted by the applicant lapses’.

\textsuperscript{19} In accordance with Mediation Law No. 24,573, of 4 October 1995, enacted 25 October 1995, trademark conflicts leading to a court action are required to have exhausted a prior stage of mediation. In other words, potential plaintiffs ought to request mediatory proceedings before bringing a court action. See ‘Compulsory Mediation in Argentina’ by Martin Echeverry.


THE CRITERIA FOR REGISTRATION OF SCENT TRADEMARKS UNDER THE ARGENTINE LAW ON TRADEMARKS AND DESIGNATIONS NO. 22.362

The said Court will assign the Federal First Instance Court that will decide on the stated grounds of the opposition.20

It is worth noting that the National Board of Industrial Property (INPI) does not examine or adjudicate on the grounds of the opposition.21 The judge assigned to the case rules on the matter, and then informs the National Board of Industrial Property (INPI) of the outcome.22

When no notice of opposition is filed within the period referred to in Article 12 of Law No. 22.362, or all opposition proceedings are withdrawn or decided in favor of the applicant, the Registrar will then be in a position to decide whether to register the trademark.

The registration23 is granted after the Trademark Office determines whether the application complies with the formal requirements of Law No. 22.362. The registration is valid for ten years and may be renewed for subsequent ten-year periods.

When trademarks have been granted in violation of a legal provision, they may only be annulled or extinguished through a court order in accordance with Article 23(c) of Law No. 22.362.

Administrative decisions refusing a trademark registration may be appealed before the First Instance Court on Civil and Commercial Matters. The matters are tried in accordance with the rules for ordinary proceedings.24

Registration of scent trademarks in Argentina

Under Article 1 of Law No. 22.362, traditional trademarks have included:

… one or more words, with or without meaning; drawings; emblems; monograms; engravings; stampings; seals; images; bands; combinations of colors applied to a

20 During the opposition procedures before the Federal First Instance Court on Civil and Commercial Matters, opponents to the registration of a trademark may expand the scope of their challenge in their initial Bill of Complaint.

21 Unless the parties by common consent waive the judicial action provided for in Section 17 of Trademark Law No. 22.362, within the one-year term fixed in Section 16, and communicate this to the National Board of Industrial Property, accordingly with Article 19 of Law No. 22.362 which provides: ‘Where an opposition has been filed, the applicant and opponent may, by common consent, waive judicial action and, within the one-year term fixed in Section 16, communicate this to the National Board of Industrial Property. A decision shall then be rendered, after both parties have been heard and any pertinent evidence has been submitted, and such decisions shall not be subject to appeal. The regulation shall establish the procedure to be followed’. It is important to note that L’Oreal and Antiall S.A. did not opt to follow the alternative proceeding before the National Board of Industrial Property.

22 In accordance with Article 18 of Law No. 22.362.

23 Law No. 22.362, Article 4: ‘The ownership of a trademark and the exclusive right to use it shall be acquired through registration. In order to become the registered owner of a trademark, or exercise the right to oppose the registration or use thereof, it shall be essential that the applicant or opponent have a legitimate interest’.


24 In accordance with Article 21 of Trademark Law No. 22.362, it must be lodged within 30 working days from notification of the trademark rejection, before the National Board of Industrial Property, which will proceed as established in Section 17.
particular place on the goods or their packaging; wrappers; containers; combinations of letters and of numbers; letters and numbers insofar as they concern the special design thereof; advertising phrases; reliefs having distinctive capacity and all other signs having such capacity.

Scent trademarks are trademarks that are perceptible fragrances or scents, and constitute one example of ‘Non-Traditional Signs’. The first applications for scent trademarks in Argentina were filed on 17 November 1997 by L’Oreal. The filings were for the scents of ‘Damask’, ‘Cherry’, ‘Watermelon’, ‘Banana-Melon’, ‘Grape’, and ‘Cherry-Raspberry’, as applied specifically to the packages of hair lotion products under Class 3 of the Nice Classification.

The applications became the subject of a third-party opposition procedure conducted before a First Instance Court on Civil and Commercial Matters in re L’Oreal v. Antiall S.A. s/ Cese de Oposición al Registro de Marca. The ruling was delivered on 17 June 2004 by Justice Marcelo Wathelet. Despite the fact that the defendant, Antiall, failed to appear before the court, Justice Wathelet proceeded to rule on the merits of the objection. He decided against the Antiall’s opposition.

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25 Trademark Law No. 22,362 does not expressly refer to the registration of scent trademarks. However, since the law adopts wide criteria when referring to possible distinctive signs, many authors (e.g. Otamendi, among others) support the registration of olfactory signs. Dr. Otamendi states that if the scent in question is not the necessary scent of the product itself, it should be eligible for registration. He concludes that the reasoning also applies to perfumery products, where the scent sometimes determines the selling power. J. Otamendi, Derecho de Marcas, (Editorial Lexis Nexis, 2006), page 57.

26 Although the case-law in study allowed the claimed scents under Law No. 22,362, the said ‘Non Traditional Signs’ suggest many questions regarding their ability to comply with the function of identifying origin among competitors, and eliminating consumer confusion. See infra footnotes 46 and 65 and accompanying texts.

27 On this matter, it has been said that ‘Non-Traditional Trademarks’ are very much traditional to the extent they have been used since the Middle Ages when the profession of ‘crieur’ (shouter) was regulated and organized under guilds. Crieurs had the function of advertising out loud the products and the prices of taverns and wine shops. They performed a function of controlling prices (the prices of wine were regulated in the Middle Ages) but they also performed a function of advertising and distinguishing products as well as of attracting clients into the shops that hired them. See N. Pires de Carvalho, A Estrutura dos Sistemas de Patentes e de Marcas - Passado, Presente e Futuro (Rio de Janeiro: Editorial Lumen Júris, 2009), page 635.

28 Class 3 of the Nice Classification Eighth Edition specifies that: ‘Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices’. On the other hand, under the General Remarks section, it provides alternative criteria. Available at http://www.wipo.int/classifications/nivilo/nice/index.htm?lang=EN# [Accessed on 1 May 2011].

29 In Argentina, the Federal First Instance Court on Civil and Commercial Matters is the first one to study a legal dispute. It may make findings of fact and law. The Second Instance Court is a Court of Appeals which may make findings of law, but may not make any new findings of facts.

30 L’Oreal was the applicant who claimed the scent trademarks to be applied to the packages of hair lotions of Class 3 of the Nice Classification, during Administrative Proceedings before INPI. Then it was the plaintiff before the First Instance Court of Civil and Commercial Matters that decided on the grounds of Antiall’s oppositions to the smell trademarks registration.

Antiall was the opponent during Administrative Proceedings before INPI, and the defendant who failed to attend the court proceedings.
The Ruling

Justice Wathelet reviewed the arguments Antiall had made during the administrative proceedings before the Trademark Office. These included claims that the L’Oreal applications of the scent trademarks should not be categorized as signs, were not trademarks, lacked distinctiveness, and that L’Oreal did not have a legitimate interest under Article 4 of Law No. 22.362.

Justice Wathelet noted that L’Oreal had also submitted documentary evidence to demonstrate the originality of its products and the distinctiveness of those signs which identified them. This was specifically with respect to the claimed scents, which when applied to the hair lotion packages, were alleged to constitute differentiating assets of the claimed trademarks. L’Oreal had argued that ‘shapes’, ‘colors’ and ‘scents’ were all eligible for protection under Law No. 22.362.

After careful consideration of (i) Antiall’s and L’Oreal’s arguments and (ii) documentary evidence submitted by L’Oreal before the Court, Justice Wathelet concluded that L’Oreal had a legitimate interest under Article 4 of Law No. 22.362.

In his decision, he held that, as applied to product packaging, the scents constituted ‘signs’ which met the distinctiveness requirement that was the prerequisite criterion for trademark protection under Article 1 of Law No. 22.362.

In support of his conclusion, Justice Wathelet cited Article 15 of the TRIPS Agreement, which provides that:

Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combination of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Member may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

See supra footnote 23 and accompanying text.

Antiall’s arguments were submitted when filing opposition to L’Oreal’s trademarks during administrative proceedings before the Registrar’s Office, on the grounds that: (i) L’Oreal’s applications should not be categorized as signs; (ii) were not trademarks; (iii) lacked distinctiveness; and (iv) L’Oreal did not have a legitimate interest under Article 4 of Trademark Law No. 22.362.

See supra footnote 23 and accompanying text.

See supra footnote 6 and accompanying text.


“The signs that can constitute trademarks (i.e., that can assist consumers in selecting the specific goods and services they wish to buy) are those that can distinguish goods and services from other goods and services. In other words, only distinctive signs can constitute trademarks”. N. Pires de Carvalho, The TRIPS Regime of Trademarks and Designs, Second Edition, Kluwer Law International BV (The Netherlands: 2011), page 284.
It is also important to note that visual perceptibility is a not a mandatory requirement of Law No. 22.362.

Justice Wathelet also cited commentator Dr. Jorge Otamendi\(^{37}\), who acknowledged that Law No. 22.362 did not expressly include any provision regarding scents, fragrances or scent trademarks. However, Dr. Otamendi argued that anyone who provided a package with a special scent was entitled to exclusively claim that scent under Law No. 22.362.

Justice Wathelet pointed to Dr. Otamendi’s observation that Article 1 of the law mentioned ‘all signs having distinctive capacity’. A limitation in the interpretation of the law would impede the registration of signs that complied with the distinctiveness criteria, and would thus facilitate the piracy of successful products. In Dr. Otamendi’s view, the wording of Article 1 allowed for the adoption of broad criteria for trademark registration. Consequently Dr. Otamendi concluded that olfactory signs were protectable subject matter under Article 1\(^{38}\) of Law No. 22.362.

Justice Wathelet also noted Dr. Otamendi’s qualification that the applicant for the scent trademark would need to describe the scent in question as accurately as possible: (i) either in words by referencing the object associated with the smell, or (ii) by providing the chemical components that will produce the scent when applied to the product packaging.

Moreover, Justice Wathelet cited doctrines developed in the European Union concerning the graphical representation requirement contained in Article 2 of the First Council Directive 89/104/EEC.\(^{39}\) The Article states that ‘a trade mark may consist of any sign capable of being represented graphically’.\(^{40}\)

Justice Wathelet explained that the Office of Harmonization in the Internal Market (OHIM)\(^{41}\) had rejected a trademark consisting of the ‘Scent of Fresh Cut Grass’ in Case R 156/1998-2 Vennootschap onder Firma Senta Aromatic Marketing\(^{42}\) for distinguishing tennis balls because the scent could not be graphically represented through any determined figure or form.

However, this decision was later reversed by the Second Board of Appeal on 11 February 1999. The reversal was made on the grounds that in contrast to ‘Three Dimensional and Color Marks’, which are dealt with under Rule 3 of the Implementing Regulation\(^{43}\), there had been no conditions laid down in the Implementing Regulation concerning the representation of scent trademarks.

\(^{38}\) See supra footnote 6 and accompanying text.
\(^{39}\) See supra footnote 7 and accompanying text.
\(^{40}\) Justice Wathelet stressed that there is no doubt that under the Community Trade Mark Act the graphic representation requirement is mandatory, but it is not under Trademark Law No. 22, 362.
The criteria for registration of scent trademarks under the Argentine Law on trademarks and designations No. 22.362

The issue had led to the question of whether, under the Community Trademark Act, the given description provided clear and sufficient information on the exact nature of the trademark when used in connection with tennis balls.

In the opinion of the Second Board of Appeals, the smell of freshly cut grass was a distinct scent which everyone immediately recognized from experience. For many, the scent reminded them of spring or summer, manicured lawns, playing fields, or other such pleasant experiences.44

In that vein, the Board of Appeals was satisfied that the description provided for the scent trademark was sufficient to comply with the graphical representation requirement provided in the Implementing Regulation. This was the basis upon which the initial trademark refusal was overturned. The case was remitted to the examiner for further prosecution pursuant to Article 62(1) of the Community Trade Mark Regulation (CTMR).45

In support of his decision that L’Oreal’s trademarks were eligible for protection under Law No. 22.362, Justice Wathelet also cited the underlying reasoning of the Case R 156/1998-2 Vennootschap onder Firma Senta Aromatic Marketing.

Finally, Justice Wathelet noted that: ‘olfactory perception is absolutely subjective, and the effective protection of the right (trademark) will be achieved as long as the Registrar adopts effective and sufficient actions.46 In the light of this detailed analysis, Justice Wathelet rejected Antiall’s oppositions.

The Court notified the ruling against Antiall’s oppositions to the National Institute of Industrial Property (INPI), in accordance with Article 1847 of the Trademark Law No. 22.362.

It was on that basis that the registration process continued before the Registrar’s Office. In order to provide for the effective protection of its scent trademarks with respect to future applications, L’Oreal was required to submit documents, samples and any other evidence for evaluation by the Trademark Office.48

44 See supra footnote 42 and accompanying text.
45 Ibid.
46 Dr. Wathelet might bear in mind that the registration of traditional signs has some legal consequences that were barely achieved in the case of scent trademarks.
47 Law No. 22.362, Article 18: ‘The judge assigned the case shall inform the National Board of Industrial Property of the outcome of the action brought to have the opposition set aside, for such purposes as may be relevant’. Available at http://www.wipo.int/clea/docs_new/pdf/en/ar/ar006en.pdf [Accessed on 1 May 2011].
48 Scent trademarks are subject to the same prohibitions which control Trademark Law. See G. A. Sena, G. Gustavo, ‘Nuevos Objetos de Protección en el Derecho de Marcas’, Derechos Intelectuales Nº 11, (Editorial Astrea, 2005), pp. 222-227.
L’Oreal submitted new descriptions for the fragrances of ‘Damask’, ‘Cherry’ and ‘Watermelon’. These new descriptions not only included the scientific names of the substances or extracts from which the claimed scents were derived, but also the corresponding samples of the hair lotion packages in question.

After a brief legal report on L’Oreal’s compliance with the legal requirements, the Trademark Office issued the scent registrations under Law No. 22.362. They also retained the packages of samples under storage, which remain hermetically sealed at the Trademark Office. This preservation measure may be interpreted as the Trademark Office’s intention to clarify the scope of three of the six scent trademarks.

In spite of the fact that no samples were deposited for applications Nos. 2.115.162, 2.115.165 and 2.115.166, covering the ‘Banana-Melon’, ‘Grape’ and ‘Cherry-Raspberry’ scents, they were all successfully registered by the Trademark Office under Law No. 22.362.

Conclusion

The L’Oreal case illustrates a highly controversial issue with no clear or universal answers to the questions of what ‘scent trademarks’ are, and how they should be registered.

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49 As described in Application No. 2.115.161, the trademark consists of a ‘Scent of Damask’ applied to the package of products under Class 3 of the Nice Classification. The scent in question is obtained by applying (i) Sage (Salvia officinalis) leaves extract and (ii) Chamomilla Recutita (matricaria) extract to the said packages.

50 As described in Application No. 2.115.163, the trademark consists of a ‘Scent of Cherry’ applied to the package of products provided by Class 3 of the Nice Classification. The scent in question is obtained by applying Prunus Dulcis substance to the said packages.

51 As described in Application No. 2.115.164, the trademark consists of the ‘Scent of Watermelon’ applied to the packages of products under Class 3 of the Nice Classification. The scent in question is obtained by applying Prunus Armeniaca extract to the said packages.

52 The scientific need for simple, stable and internationally-accepted systems for naming objects of the natural world has generated many formal nomenclatural systems. Scientific names are very useful to identify organisms in that a given scientific name is universally used for a particular organism throughout the world. Probably the best known of these nomenclatural systems are the five codes of biological nomenclature that govern the Latinized Scientific Names of Organisms. Available at http://www.journal.au.edu/au techno/2001/oct2001/howto.pdf [Accessed on 1 May 2011].

53 Article 15 of the TRIPS Agreement provides: Protectable Subject Matter ‘… Members may require, as a condition of registration, that signs be visually perceptible.’ The same provision is included in Article 5.2 of the Protocol on the Harmonization of Norms regarding Intellectual Property in the Mercosur Matters of Trademarks, Indications of Source and Appellations of Origin. Available at http://www.mercosur.int/msweb/Normas/normas_web/Decisiones/ES/Dec_008_095_pdf [Accessed on 1 May 2011].

Under Argentine Trademark Law the criteria for trademark registration is expressly mentioned in the last paragraph of Article 1 of Law No. 22.362, which provides that any sign which complies with the distinctiveness criterion is eligible under the law.

Justice Wathelet’s ruling approved of Dr. Otamendi’s broad interpretation, which stated that Article 1 of Law No. 22.362 did not include a requirement that the signs be graphically represented in order to obtain trademark protection. In support of this proposition, the judge cited Article 15 of the TRIPS Agreement and the European Union’s First Directive 89/104 of the Council of 21 December 1988.

When Justice Wathelet said ‘olfactory perception is absolutely subjective, and the real protection of the right (trademark) will be achieved as long as the Registrar adopts effective and sufficient actions’ he may have been aware that current registration procedures and administrative practices before the Trademark Office were obstacles to the registration of 'Non-Traditional' signs such as fragrances. Hence, Justice Wathelet's words may be understood as an implicit instruction for the Trademark Office to adopt progressive administrative practices that provide ‘real’ and ‘effective’ protection to scent marks.

However, what type of effective measures should be taken by the Trademark Office in order to comply with the judgment? The Registrar’s decision to request documents, evidence or samples, and the storage of L'Oreal’s packages of scent samples at the Trademark Office was a positive approach to the administrative impediments of dealing with the registration of scent trademarks under Law No. 22.362.

The need to minimize such impediments is also recognized by Article 62.1 of the TRIPS Agreement, which provides that:

Members may require, as a condition of the acquisition or maintenance of the intellectual property rights provided for under Sections 2 through 6 of Part II, compliance with reasonable procedures and formalities. Such procedures and formalities shall be consistent with the provisions of this agreement.

The TRIPS Agreement does not provide a definition of ‘reasonable’ as used in Paragraph 1 of Article 62. Therefore, Member States enjoy some flexibility in the implementation of this requirement. However, ‘reasonable’ may be interpreted as imposing necessary administrative formalities that are not overly restrictive or burdensome to the applicant's efforts to protect their intellectual property rights. This would include providing for the ready protection of scent trademarks as is possible under Law No. 22.362.

54 See supra footnote 6 and accompanying text.
55 See supra footnotes 7 and 40 accompanying texts.
57 It is worth pointing out that it was Justice Wathelet himself who brought up the issue that there could be potential problems in the scope of protection and the enforcement of the rights.
In the L’Oreal case, the Trademark Office also decided to grant protection for ‘Banana-Melon’, ‘Grape’ and ‘Cherry-Raspberry’ scents under Law No. 22.362. In those cases, the Trademark Office implicitly admitted that a mere written description of the claimed scents complied with Law No. 22.362, as had been decided in ‘Case R 156/1998-2 Vennootschap onder Firma Senta Aromatic Marketing’.

Consequently, noting the conditions included in paragraph V of Justice Wathelet’s ruling, and the administrative decision of accepting a mere written description for three of the six claimed scents, it is unclear if the deposit of the packages with the Registrar’s Office may be interpreted as being mandatory or optional.

Though the Registrar’s criteria were ambiguous, and the registration process was slow, the actions it did take were probably inspired by Justice Wathelet’s ruling. This was the first to deal with such ‘Non-Traditional Signs’ under Argentine Law No. 22.362.

Finally, the case-law discussed highlights the importance of authorities in administrative offices responsible for trademark applications, when deciding the scope of trademark protection. Justice Wathelet’s ruling evidences this fact. This point is worth noting, as the commitment of administrative offices to the proceedings that take place before them is crucial for the efficiency of the intellectual property system.

60 See supra footnote 42 and accompanying text.
62 The use of Examination Guidelines may be helpful for the registration of ‘Non-Traditional Signs’, both for applicants and examiners, in order to know how to examine and comply with legal requirements in a clear and uniform way.
63 The six scent trademarks were registered on 30 January 2009.
64 Pires de Carvalho observes that another problem associated with non-visually perceptible trademarks is in the manner to prove their existence, either for the purpose of registering them or with the objective of enforcing them. The author also remarks that one commentator has noted that the purpose of registration is to inform third parties about the existence of rights. There is a public policy dimension in such information, because only adequate publicity of property rights ensures legal security. See N. Pires de Carvalho, The TRIPS Regime of Trademarks and Designs, (The Netherlands: Kluwer Law International BV, 2011), pp. 307-308.
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This paper discusses the interaction of European Union (EU) competition law, the exhaustion of intellectual property rights (IPRs), and access to pharmaceuticals in the European Union. In the European Union, pharmaceuticals can be protected through both trademarks and patents. However, following the first sale of a product into the market, the IPR holder cannot prevent its further redistribution by other competitors in the same market. This tension between IPRs and EU competition law raises several important questions with respect to differential pricing in EU member States, the exhaustion of IPRs, as well as the usage and distribution of generic medicines. In the context of addressing competition law and IPRs in the European Union, this paper focuses on the structure and impact of these regimes on access to pharmaceuticals in Bulgaria, which is one of the most recent members of the European Union.

Introduction

One of the key objectives of the European Union is to provide for the free movement of goods and services across its member States. Consequently, it would be inconsistent for the intellectual property laws of member States to hinder such movement by allowing IPR holders to prevent parallel importation across the territory. The regulation of intellectual property law has traditionally been a matter of national regulation. However, insofar as they have the potential to hamper free trade and competition among member States, these national IP regimes are also subject to EU law. This is how the domestic protection of the monopoly rights may conflict with the free movement of goods, thus hampering competition among commercial players operating across the single market. For the purposes of this paper, the notion of competition law is to be understood as the body of legal rules designed to promote and protect rivalry and freedom in the market. Intellectual property law encompasses the entire body of law relating to patents, copyright, trademarks, designs, service marks, know-how and associated rights, such as plant breeders’ rights and broadcasting rights.

The pharmaceutical sector enjoys many exceptions with respect to general competition rules in the European Union. The first justification for a special regime protecting pharmaceuticals is rooted in public policy. The second reason is the influence of the US doctrine of 'essential facilities', which provides for exemptions, at the discretion of the European Commission, based on concepts such as 'educational purposes' or 'the benefit of humanity'.

On other hand, one should not underestimate the opportunity to simultaneously protect pharmaceuticals through trademarks and patents. Both are strong instruments which may impede free
competition between member States. These potential impediments have led to major developments, such as the implementation of an 'exhaustion of rights' regime, the imposition of duties on supply, the introduction of compulsory licences, the distribution of generic medicines, and even parallel importation.

This paper will analyse how the corresponding EU provisions are implemented with respect to pharmaceuticals within the territory. In particular, there will be particular focus on Bulgaria and a discussion on how the expiration of patents and the doctrine of exhaustion have led to the enhanced use of generic drugs and increased access to medicines in the region.

The means of intellectual property protection for pharmaceuticals

As previously mentioned, pharmaceuticals can be protected through both trademarks and patents. Trademarks not only differentiate the goods or services of one trader from those of another, they also provide guarantees of quality. Apart from these functions, trademarks rights also constitute significant economic resources for the rights holder. Additionally, they confer the right to prevent unfair or unauthorized uses of the mark. The rights holder also controls the first market entry of the goods bearing his trademark. Thereafter, this right extinguishes, or is 'exhausted'. The proprietor of the trademark cannot further control the subsequent movement of the goods through the market. Hence, parallel imports would be permissible in the defined market to which the exhaustion regime applies. Owing to globalization, it has become crucial to restructure the legal grounds for trademark protection, and to establish a balanced global trading system through the free movement of goods worldwide. Globalization has led to the greater movement of goods, which means trademarked products are now crossing borders in larger volumes. Thus, exhaustion is becoming more important as rights holders within one territory lose their ability to influence how their goods are dealt with in another territory.

A key principle of the European Union is the freedom of movement for goods and services. In the context of intellectual property, this has led to the doctrine of exhaustion, which has become entrenched in EU jurisprudence. As the basic right of a trademark holder includes offering for sale, importing or exporting under a sign identical or similar to the trademark, there are many opportunities for a trademark holder to interfere with the further exploitation of his goods after he has parted company with them.

3 Nadia Ianeva, Registration of Non-Conventional Signs Under the Community Trademark Regime, (Wissenschaftlicher Verlag Berlin, 2008).
5 Whereas the freedom of movement is governed by Articles 28-29 of the EC Treaty, Article 30 of the EC Treaty stipulates that:

… the provisions of Articles 28 and 29 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.

This means that governments of member States may still justify certain trade barriers when \textit{inter alia} culture or industrial and commercial property might be endangered.
Similarly the protection provided by trademarks and patents are limited in duration. Once that time has lapsed, the intellectual property right expires. This entitles competitors to free and open use of the right. Patent expiration leads to the widespread usage of generic pharmaceuticals in many countries. In Eastern Europe the market share of generic pharmaceuticals is more than 70 per cent.\(^6\)

**Exhaustion of intellectual property rights**

In EU law, the doctrine of exhaustion has been developed by the European Court of Justice.\(^7\) The doctrine has an important role in overcoming the constraints posed by the territorial nature of national IP regimes.

Bearing in mind that pharmaceuticals are protected by both patents and trademarks, issues of exhaustion, expiration and parallel imports immediately arise. Furthermore, owing to the large production of generic pharmaceuticals which are not patented, and of those for which patent protection has expired, these issues demand further examination in the European context.

Parallel importation\(^8\) refers to the importation of goods outside the distribution channels that have been contractually negotiated by the trademark owner. Based upon the right of importation that a trademark confers upon the owner, the latter may try to oppose such importation in order to control differential pricing across markets. This would allow the trademark holder to prevent goods priced for cheaper markets from being imported into a higher priced market and undercutting sales of the same product. Therefore, where international exhaustion applies, the placement of a product on a market abroad leads to the extinguishment of the trademark holder's exclusive right to import the product. Thus, the rights holder will have no remedy against parallel importation.

As the EU regime functions on the basis of regional exhaustion, parallel trading is only allowed between countries within the trading bloc. The consequence of allowing parallel importation within the region is that traders may exploit price differentials between markets. They can then pass on the savings to their consumers in the form of lower prices. The regional exhaustion rule has been codified in the Harmonization Directive.\(^9\) Thus, after the first sale, the trademark does not entitle the holder to prohibit its use in relation to goods which have been put on the market in the European Union.\(^10\)

According to Article 30 of the EC Treaty, 'quantitative restrictions on imports and all measures having equivalent effect shall, without prejudice to the following provisions, be prohibited

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\(^7\) See Case 78/70 *Deutsche Grammophon Gesellschaft GmbH v. Metro-SB Grossmärkte* \([1971]\) ECR, 487.


between Member States'.  However, the Community's ability to use this provision to restrict the abuse of intellectual property rights is limited by the Treaty itself.

The EU policy on the compatibility of national and regional trademark law was originally formulated in one of the first leading cases where the Sterling Winthorp Group held the 'Negram' trademark in the United Kingdom and the Netherlands. Another company, Centrafarm, imported the same drug into the Netherlands from the United Kingdom. The Dutch subsidiary of Sterling Winthorp invoked its trademark rights in an attempt to keep the goods out. The Court concluded that since Negram had been lawfully marketed in the United Kingdom with the consent of the trademark holder, the trademark holder's rights had been exhausted.

This decision has been confirmed by Article 7(1) of Directive 89/104 on the approximation of law of the Member States relating to trademarks. Article 7(2) stipulates that there is no application of exhaustion in cases where there are legitimate reasons for the proprietor to oppose the further commercialization of the goods. However, Sterling Winthrop could not rely on its Dutch mark to prevent imports from the United Kingdom, where the products had been marketed by a company in the same group. The doctrine of exhaustion also implies the notion of consent. It is clear now that the consent principle only applies where the owners of the trademark in the importing and exporting States are the same. It could also apply where they are different, but are economically linked.

In Van Zuylen v. HAG the Court bypassed the doctrine of exhaustion in relation to trademarks. The Court conceived the 'doctrine of common origin', which in certain instances is contrary to the doctrine of exhaustion. The doctrine of common origin means that where similar or identical trademarks share a common origin but are owned by different trademark holders in different member States, neither could invoke its trademark rights to prevent the importation of goods lawfully marketed under the mark by other owners in other member States. However, this doctrine was later reversed by the Court. In HAG II, the Court returned to the original principle of exhaustion.

It is important to note that the key argument supporting the Court's reversion to the doctrine of exhaustion was influenced by the specific subject matter of trademarks. The Court reaffirmed that trademarks are indicators of product origin and guarantors of quality.

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[12] Ibid. The provisions of Articles 28 and 29 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.
[15] Regarding the importance of the consent, see Norbert Reich, Understanding EU Law, (Intersentia, Antwerpen-Oxford 2005).
The Court’s decision in the *Ideal Standard Case* is also significant. The decision stipulated that when the rights holder voluntarily loses ownership over the trademark (e.g. assignment), the doctrine of exhaustion cannot be invoked by the assignee due to the lack of control over the product under the mark.

Further cases decided by the European Court of Justice highlight other problems and complications in this area. A particular situation is where an importer re-packages or alters the packaging of the goods. The European Court of Justice held that if the use of the trademark would have the effect of artificially partitioning the market, then the doctrine of exhaustion cannot be relied on. However, it is permissible if the repackaging has no adverse effect on the original condition of the goods, and as long as users will not be misled or confused by it. There is also the requirement that the trademark owner must be notified of the repackaging.

Similarly, the case of *Silhouette International Schmied GmbH and Co. KG v. Hartlauer Handelsgesellschaft mbH* concerned a superior range of spectacle frames that were manufactured and sold internationally by the Austrian claimants under the mark 'Silhouette'. A batch of the previous season’s 'Silhouette' spectacle frames were offloaded in Norway (which is not an EU member) and later sold in Bulgaria on the condition that any marketing of the products would only occur in former East Bloc countries. However, through a series of further transactions, the frames were imported into Austria by the defendant, who then sold the spectacles through its chain of outlets that were not part of Silhouette’s distribution system. If the former Austrian law had still been applicable, an extensive rule of international exhaustion would have protected the defendant. But the European Court of Justice considered the case and decided that Article 7 of the Trademark Directive had priority over the Austrian legislation. National rules providing for international exhaustion were therefore contrary to this provision. Therefore, Silhouette could prevent the sale in Austria of the sunglasses that had been first sold in Bulgaria.

In *Sebago v. GB Unic*, the European Court of Justice ruled that it was insufficient that the rights holder had provided general consent for the marketing (within the European Union) of products identical to those for which exhaustion was being claimed. Consent had to be proven for the actual products in question.

Further case developments have described and prescribed the implied notions of consent, the strict rules of repackaging and advertising, and the notion of the 'specific subject-matter' of a trademark.
The pharmaceutical protection regime in Bulgaria

The generic drug industry in Bulgaria

Relative to other Eastern European States, Bulgaria’s industrial policy has fostered a relatively efficient generic pharmaceutical industry.28 This has led to a 70 per cent local market share for generics made in Bulgaria.29 The production is exported, primarily to States of the former Soviet Union. However, several large foreign companies also have agencies in Bulgaria.30

According to existing legislation, pharmaceutical manufacturers may market their products directly through authorized distributors. They may also participate in government procurement tenders organized by the Ministry of Health, the National Health Insurance Fund and the country’s hospitals through wholesalers acting as their authorized distributors. However, consumers reportedly have a more favourable opinion of imported medicines and frequently prefer these products if they can afford them.31

Before 1991, the production and distribution of pharmaceuticals in Bulgaria was highly centralized under the remit of the State Pharmaceutical Company. The Company was also in charge of a network of pharmacies, specialist warehouses and depots, importers and distributors of medicinal drugs, as well as sanitary suppliers.

A combination of decentralization policies and the transition to a market economy broke this monopoly. The Pharmaceuticals and Human Medicine Pharmacies Act of 1995 created the basis for the restructuring and privatization of the production and distribution of pharmaceuticals. Most pharmacies are now privatized. In 2004, the total number of pharmacies in Bulgaria was 4518, compared with 4000 in 2003 and 1020 in the year 2000. The number of pharmacies is beginning to peak due to the limited number of certified pharmacists.32

Foreign manufacturers are represented in Bulgaria in two ways. The first is through the establishment of representative offices which are not legal business entities. These offices only perform promotional and marketing-related activities. The actual sale of drugs is carried out directly

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29 For further information see also Christine Godt, Differential Pricing of Pharmaceuticals inside Europe: Exploring Compulsory Licences and Exhaustion for Access to Patented Essential Medicines, (Nomos, 2010). The market leader of Bulgarian production is the Actavis Group with its three subsidiaries Dupnitsa, Razgrad and Trojan (formerly known as Balkanpharma, which was fully taken over by an Island company in 2000) as well as Sopharma AD, which carries out production in five plants and is currently expanding strongly into Eastern Europe. Together, they provide 77 per cent of medicines sold in Bulgaria. However, in terms of the absolute sales value, the imported medicines (which are considerably more expensive) are predominant. At the same time, the demand is great for pharmaceuticals, especially for the nervous system, heart and vascular-diseases, as well as respiratory diseases. Nearly half of all imported pharmaceuticals come from Germany, France and Switzerland. GlaxoSmithKline holds the biggest market share (7 per cent) followed by Novartis (6,1 per cent).
30 See the List of Members of the Association of Research-Based Pharmaceutical Manufacturers in Bulgaria published at http://www.arpharm.org/members.php (last update 10 May 2011).
31 See supra footnote 29.
from the foreign legal entities to authorized dealers. The dealer then redistributes the drugs to pharmacies and also participates in tenders.

Alternatively, foreign companies establish local subsidiaries that are legal business entities with drug distribution licences in Bulgaria. These subsidiaries may participate directly in tenders by the Ministry of Health and the National Health Insurance Fund. Though they are permitted to sell drugs directly to pharmacies, their lack of personal distribution networks tends to impede this goal. For that reason, they also authorize local wholesalers to participate in hospital tenders on their behalf.

Recently, a greater number of foreign pharmaceutical companies have been establishing local subsidiaries that are licensed as wholesalers under Bulgarian law. The licences are issued by the Ministry of Health in conjunction with the Bulgarian Drug Agency. More than 100 international pharmaceutical companies are represented in Bulgaria. Twenty-three of them are members of the Association of Research-Based Companies. The majority are members of the Association of Foreign Pharmaceutical Manufacturers in Bulgaria.

*Pharmaceutical consumption trends in Bulgaria*

Since 1999, pharmaceutical consumption has been increasing at a rate faster than that of the total health expenditure. This was particularly the case in 2001 and 2002. While consumption has increased, the total number of packages sold decreased from 164 million in 2003 to 153 million in 2004. The main customer for all pharmaceuticals in Bulgaria is the National Health Insurance Fund, which subsidizes outpatient drugs for vulnerable groups and for 21 university hospitals, 28 multidisciplinary hospitals, 64 haemodialysis centres, and numerous dispensaries across the country.

*The intellectual property protection regime for pharmaceuticals in Bulgaria*

Strong intellectual property protection is a relatively recent phenomenon in Bulgaria. The country has signed and ratified the Madrid Convention and other WIPO treaties. As a Member of the World Trade Organization, Bulgaria must also be compliant with the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS). Bulgaria introduced a 20-year patent protection term for pharmaceuticals under the *Patent Act*. In 2003, the Government introduced a six-year data exclusivity period for pharmaceuticals. This move provides additional market protection for originator pharmaceuticals, by preventing health authorities from accepting applications for generic medicines during the period of exclusivity. In 2007, Bulgaria responded to pressure from the European Communities by raising the data exclusivity period to ‘8+2’ years in order to comply with EC Regulation No. 726/2004.

Supplementary protection certificates are available under the new Chapter 6 of the *Bulgarian Patent Act*. For high-tech and biotechnological products the period of market exclusivity is ten

\[\text{Regulated in Chapter 5, Article 146 et seq. Pharmaceuticals in Human Medicine Act, last amendment 12 Aug. 2008.}\]


\[\text{Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco on 15 April 1994.}\]

\[\text{Chapter 6, Article 72(k), Patent and Utility Models Act, \textit{Bulgarian State Journal} No. 64/2006, entered into force on 1 January 2007.}\]
However, the Bulgarian Government also introduced a Roche-Bolar provision in 2003. The provision enables generic manufacturers to begin developing generic versions of drugs for the purposes of regulatory approval, two years before the patents expire.

Fears that EU enlargement would open the floodgates to cheap parallel imports from Eastern Europe have turned out to be unfounded. In fact, some international pharmaceutical brands are more expensive in Bulgaria than they are in Western European countries. According to statistics, in relative terms, the Bulgarian patient pays ten times more for medicines than the average German patient. In December 2003, the Bulgarian Government introduced a new catalogue of drugs that may be eligible for reimbursement, but are not automatically covered.

The central legal source for the protection of pharmaceuticals is the Bulgarian Pharmaceuticals in Human Medicine Act (PHMA) which came into force on 13 April 2007. The legislation is designed to align Bulgarian pharmaceutical law with the EU acquis. The new law regulates the production and export of medicinal products and active chemical ingredients. It also governs the commercial and licensing regime for the trade and parallel importation of pharmaceutical products. In institutional terms, it regulates the role of the Bulgarian Drug Agency, which is an executive body under the Ministry of Health that is in charge of domestic pharmaceuticals regulation.

Additionally, the PHMA provides a pharmaceutical pricing framework, whereby the lowest prevailing price of the same or similar product among EU member States is to be used as a reference.

The National Health Insurance Fund provides full or partial reimbursement to patients for pharmaceuticals. The disease groups eligible for reimbursement include diabetes, sclerosis, multiple sclerosis, metabolic disorders, as well as cardiovascular, neurological and gastroenterological diseases. National and regional budgets subsidize pharmaceuticals for particular demographic groups, including low-income households, children, the unemployed, the retired, and members of the armed forces.

In March 2009, the Bulgarian Ministry of Health announced that seven or eight rare diseases would be included in Regulation 34 of the Ministry of Health Act, 2005. According to that regulation, a regime for granting drugs for eight rare diseases, such as thalassemia major and Gaucher's Disease, has been adopted.

Depending on the prices of the medications for new diseases, the Ministry will consider the possibility of designating a portion of the purchase price to patients. By 2013, the Ministry plans to establish a treatment system which will involve the creation of a register of patients that suffer from such diseases. The system will also provide for diagnostics and prophylaxis. One of the key goals of the new programme is to enable the examination of newborn babies with the objective of finding inborn or genetic diseases.

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37 See supra footnote 27.
39 Fact Sheet 'Overview of the Bulgarian and Romanian Pharmaceutical Markets', <http://www.researchandmarkets.com/reports/314606/>
40 Collins English Dictionary: 'the accumulated legislation, legal acts, court decisions which constitute the body of European Union law'.
The PHMA was followed by secondary legislation, which is currently undergoing amendment. The key achievement of the legislation has been to remove legislative obstacles to the intra-EU pharmaceutical trade. However, for imports from outside the EEA and Switzerland, an import permit must be obtained in advance.

**Conclusion**

The protection of intellectual property rights versus access to pharmaceuticals will remain a complicated issue. The aim of this article was to present the means of protection for pharmaceuticals, the doctrine of exhaustion and its implementation in the EU context. The Bulgaria case study is one illustration of the difficulties of balancing the needs of stakeholders, especially in situations of budgetary constraints.
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THE INTERPLAY BETWEEN COPYRIGHT PROTECTION AND THE EXPANSION OF EDUCATION IN ETHIOPIA

Dr. Mandefro Eshete

ABSTRACT

The Ethiopian Copyright Law was promulgated in 2004. The law has introduced stronger rights protection and enforcement mechanisms for creators. Though Ethiopia is not yet a signatory to the major international intellectual property instruments, the national copyright and neighbouring rights law is in line with the minimum standards set out in these instruments. The exceptions and limitations to copyrights favour copyright holders by restricting the scope of protection. As a result, one can say that the law restricts access to knowledge. Since the provisions of the exceptions and limitations to copyrights are construed narrowly in Ethiopian law, the writer contends that a systematic revision has to be conducted. The objective of such revision would be to redraft the pertinent provisions on exceptions and limitations, so that the country's laws reflect the less restrictive standards of international treaties. This would ensure its citizens right to have access to knowledge. This is vital for achieving the Ethiopian Government's vision, which *inter alia*, is to expand tertiary education to a significant portion of the population.

Ethiopia: a nation in transformation

According to *The Economist* magazine, Ethiopia is currently one of the top five fastest growing economies in the world (2010). Having maintained a double digit growth rate for more than six consecutive years, Ethiopia is currently the largest economy in East Africa. However, eight of the higher ranking economies boost their incomes with oil revenues.

For the first time in 2009, the service sector's 45.1 per cent contribution to the national GDP exceeded that of agriculture and other industries at 43.2 per cent and 13 per cent respectively. Foreign exchange earnings from services (from companies and sectors such as Ethiopian Airlines, Ethiopian Shipping Lines, insurance, tourism, communications, and financial services) exceeded that of all goods exported.¹

Aside from the other untapped energy-generating resources of the country, Ethiopia is known as the 'Water Tower of Africa'. The country is in a position to develop a hydroelectric power capacity of 45,000 megawatts. This ranks it second only to the Democratic Republic of the Congo. To exploit this natural and environmentally friendly source of energy, several hydroelectric dams have been built within the last five years (Giggle Gibe I at 184MW, Giggle Gibe II at 420 MW, Giggle Gibe III, which is under construction, at 1800 MW, Tekeze at 300 MW, and Tina Belles at 460 MW are some of the recent projects). Many more are in the pipeline.²

Above and beyond satisfying the growing energy needs of the country, Ethiopia will soon resume power exports to neighbouring countries. Infrastructural preparations, including the construction of gigantic towers connecting to Djibouti, Sudan and Kenya are already in progress.

The development of modern telecommunications infrastructure in the last five years has been remarkable. Over 18,000 km of fibre optic cable have been installed in the country so far. This makes up 30 per cent of the total installed in Africa.

In terms of healthcare facilities, more than 5,000 clinics and several large referral hospitals have been built. To improve the human resources capacity of the healthcare sector, institutions that train nurses, health officers, and medical doctors are being built in different parts of the country.\(^3\)

**Policy on the expansion of education**

In the education sector, there have been significant achievements. In 1990 there were 8,256 elementary schools, 275 high schools, 17 technical schools, and only two universities. The total figures as of 2009 were 25,212 elementary schools, 1,202 high schools, 458 technical schools, and 22 universities. There are also around ten universities in the pipeline. These developments have helped to increase the intake capacity of universities, which could only accommodate about 3,500 students in 1995. As of the previous academic year, there were 79,575 new students enrolled in the various degree programmes at the nation's universities. These figures do not include students at private educational institutions. The Government's plan is to increase the intake capacity of State universities to 112,000 students within the next two years.\(^4\)

Historically, the percentage of female students has been low. In 1995, female students made up only 12 per cent of the student population. In the 2008-2009 calendar year, female university students made up 41 per cent of the student population.

The other new development is the introduction of the so-called '70/30 ratio'. Under this new system, 70 per cent of the student population will join science and engineering streams, whereas only 30 per cent will join social science streams.

The major challenge that the nation faces in the delivery of quality education is the training of qualified teachers. Apart from this, the other major challenge is the availability of educational materials for instructors and students.

**The Copyright Law and its impact on the expansion of education**

*The Ethiopian Copyright Law: general discussion*

The period before 2004 was predominantly characterized by a growing grey area business in the copyright industry. This industry was beyond the reach of law enforcement bodies. As a result, infringement of copyright was so widespread that rights holders had to resort to public appeals through demonstrations and other activities.

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\(^4\) Ibid.
As a result of developments in the creative industries (especially in the music industry) and the growing demand for newer and more robust legislation, the *Copyright and Neighbouring Rights Proclamation (Copyright Law)* was passed in 2004. The law entered into force on 24 July 2004. The legislation defines important terminologies, circumscribes its scope of application, and outlines subject matter that is not protected. The law also acknowledges the economic and moral rights of authors.

According to Article 7 of Proclamation 410/2004, the author or owner of a work has the exclusive right to carry out or authorize the following acts in relation to the work: reproduction; translation; adaptation, arrangement or other transformation of the work; distribution of the original or a copy of the work to the public by sale or rental; importation of original or copies of the work; public display of the original or a copy of the work; performance of the work; broadcasting of the work; and other communication of the work to the public.

The law also introduces originality and fixation as the two requirements for protection; stipulates what moral rights entail; lists the limitations and exceptions to copyright; details the manner in which economic rights can be licensed or assigned; governs neighbouring rights; and sets the parameters for copyright enforcement.

*The Copyright Law and its impact on the expansion of education*

**General discussion**

Apart from the definition of terms, the rights created by copyright and the criminal sanctions it imposes in the event of infringement, the Ethiopian *Copyright Law* also regulates the limitations and exceptions imposed on rights holders. The major limitations and exceptions are: (a) reproduction for teaching; (b) reproduction by libraries, archives, and similar institutions; (c) quotations; (d) reproduction, broadcasting and other communications to the public for information purposes; (e) reproduction and adaptation of computer programs for personal use; (f) importation for personal use; (g) reproduction for personal use; and (h) other reasons.

**Teaching exceptions**

Reproduction versus utilization: under Article 11 of the Ethiopian *Copyright Law*, the copyright owner cannot forbid 'without exceeding fair practice and the extent justified by the purpose a reproduction of a published work or sound recording for the purpose of teaching'. Further, the law requires that a copy made for the purposes of teaching shall indicate, as far as practicable, the sources of the work or sound recording as well as the name of the author.

The corresponding provision in the Berne Convention can be found in Article 10(2). It uses the term 'utilization', which provides for the reproduction, translation, adaptation, and exemptions from other related rights. Unfortunately, the same is not true under Ethiopian law. In contrast to the Berne Convention, teaching exceptions apply only to the reproduction of works and sound recordings. This conclusion can be based on the definition of the term 'reproduction' as used in the same law.°

° It could be argued that the pertinent provision under the Ethiopian *Copyright Law* limits the types and forms of utilization. Among the categories of rights available, the teaching exception is limited to the

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° According to Article 2(26) of the Ethiopian *Copyright Law*, 'reproduction' means the making of one or more copies of a work or sound recording in any manner or form, including any permanent or temporary storage of work or sound recording in an electronic form.
right of reproduction. The result is that one cannot invoke the teaching exception provision in order to translate copyrighted works.

Amount to be reproduced: the teaching exception under the Ethiopian Copyright Law does not put any limitation on the amount which may be reproduced from a given work. Arguably, the absence of such a restriction (so-called limitations on limitations) allows for the possibility of reproducing the whole or a substantial part of a copyrighted work. This is providing that the reproduction does not exceed fair practice and that the extent of reproduction is justified by the purposes for which it was made. There is also an opposing view which argues that reproduction of a whole or substantial part of a copyrighted work is forbidden.6

Teaching - conventional versus other formats of teaching: the other important point in this regard is the meaning attached to the word 'teaching'. As per Article 11 of the Ethiopian Copyright Law, the word 'teaching' could be interpreted to cover both conventional face-to-face instruction as well as distance education. On the one hand, the wording of Article 32(c) suggests that the limitation imposed on the rights of performers, producers of sound recordings, and broadcasting organizations, relates, inter alia, to reproduction solely for the purpose of face-to-face teaching. Under this interpretation, the exception would cover performances, sound recordings and broadcasts that have been published as teaching or instructional materials. As a result, performances and sound recordings meant for distance education would not enjoy the teaching exception under Article 32(c).

However, it is not advisable to adopt an interpretation that departs from the spirit of a law. Therefore, an interpretation that extends the Article 32(c) exception to distance education must be accepted. That said, one could legitimately ask why the legislators did not define the term 'teaching' in Article 11 of the Copyright Law. The author argues that the absence of a definition, such as that found under Article 32(c), should allow the term 'teaching' to enjoy a broader interpretation under Article 11. Accordingly, the exception under Article 11 could be enjoyed both by conventional face-to-face teaching and other modes of education, including distance education.7

Exceptions for libraries, archives, and similar institutions

Open Collection Requirement: in line with the teaching exceptions are the exceptions provided to libraries, archives, and similar institutions. This issue is governed by Article 12 of the Ethiopian Copyright Law. Accordingly, a copyright holder cannot forbid the reproduction of a work by a library, archive, memorial hall, museum or similar institutions whose activities do not provide for

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6 Gesesew, in 'The defense available for alleged violator under the Ethiopian Copyright Law', on page 3 argues that, 'when the whole or substantial part of the copyrighted work has been taken a defence under Article 11 of Proclamation 410/2004 is unlikely to succeed.' Unfortunately, no reason was forwarded to substantiate such a position.

7 According to Girma, 'Copyright and its relevance to the right of education in Ethiopia', pp. 11 ff. 'As to the second phrase used in the proclamation, i.e. "teaching purpose" or "educational purpose" it is defined as non-commercial instruction or curriculum based teaching by educators to students at non-profit educational institution, planned non-commercial study or investigation directed toward making a contribution to a field of knowledge or presentation of research finding at non-commercial peer conference ... But in our proclamation the use of the term "teaching" instead of "education" has made it as if, for example, presentation of research finding at non-commercial peer conference, workshops or seminars is not included. But given the close relationship between Articles 11 and 12, which is indicated by the use of the term "educational institution" in Art. 12(2)(c), it does not seem that the phrase "teaching purpose" excludes the above activities. Generally, in Ethiopia, so long as it does not exceed fair use as explained above, teachers have access to works beyond text books so that they enrich learning opportunities.'
direct or indirect commercial gain. Such reproduction is permitted only for published articles, short works or short extracts of a work. Further, it can only be made 'to satisfy the request of a physical person'.

Before libraries, archives or similar institutions may qualify for the exception, the following conditions must be met: the library or archive must be satisfied that the copy will be used solely for the purposes of study, scholarship or private research; and the act or reproduction is an isolated case, which if repeated, occurs on a separate and unrelated occasion and there is no available administrative organization which the educational institution is aware of, which can grant a collective licence for reproduction.

Another condition to the exception is that the entities must be non-profit institutions. This means that they must fulfil the 'open collection' requirement. Such a limitation, if improperly applied, has the potential danger of negatively affecting the libraries of private educational institutions. Since these libraries are part of commercial institutions, the requirement of 'working not for gain' could restrict these institutions from the application of this exception.

Purpose of the reproduction: the reproduction exceptions provided to the libraries, archives and similar institutions are permitted only for the preservation and, if necessary the replacement of a copy which has been lost, destroyed, or rendered unusable in the permanent collection of another similar institution. Further, such reproduction is also permitted, where it is impossible to obtain a copy under reasonable conditions. However, the act of reproduction must be either an isolated event, or if it is repeated, must be on separate and unrelated occasions.

Supervised reproduction: Article 12 of the Ethiopian Copyright Law does not regulate the manner in which reproduction through the institution's photocopiers can be made by users. The writer contends that when these institutions make photocopiers available, they must be required to display a notice to the effect that reproduction may be subject to Copyright Law. In cases where such copyright notice has been displayed, these institutions should disclaim any liability for copyright violations.8

Quotation exceptions

The 2004 Ethiopian Copyright Law introduced the 'quotation' exception. Article 10 of this law provides that the owner of copyright cannot forbid the reproduction of a quotation from a published work. The quotation shall be compatible with fair practice and should not exceed the extent justified by the purpose. The source and name of the author must be indicated.

The corresponding Berne Convention provision is Article 10(1). According to this provision, it shall be permissible to make quotations from a work which has already been lawfully made available to the public. This is provided that any quotation is compatible with fair practice, and that its extent does not exceed that justified by the purpose. This provision includes quotations of newspaper articles and periodicals in the form of press summaries. As was the case with the teaching exception discussed above, quotation exceptions under the Berne Convention and Ethiopia's Copyright Law use different terminologies.

Under the Ethiopian Copyright Law, it is the reproduction of a quotation which falls within the clause's exception. Under the Berne Convention, it is the making of quotations which falls within

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8 This is a matter to be governed by subsequent legislation.
the meaning of Article 10(1). Quotations could be made in different mediums, including books, booklets, articles, newspapers, speeches, lectures, sermons, broadcasts, and performances. As a result of the variety of ways available to make quotations, there are various rights which could be affected by such an exception. It is in light of this possibility that the Berne Convention uses the term 'making', which is a term with a broader meaning. Following the wording of Article 10 of the Ethiopian Copyright Law, it is only the reproduction right of copyright owners which is affected.

Apart from the general requirement of fair practice and legitimate purpose, nothing has been regulated with regard to the size of quotations and the purposes for which they may be made.

Works of an oral nature

By virtue of Article 2(30)(b), and in conjunction with Article 6, Ethiopian Copyright Law has defined oral works as those falling within the meaning of the legislation. These include speeches, lectures, addresses, and sermons. The Copyright Law has defined the term 'works of an oral nature' broadly, so as to include political speeches and speeches delivered in the course of legal proceedings.

The Copyright Law does not have a special provision which governs the manner in which limitations are imposed on 'works of an oral nature'. As a result, resort has to be made to the general exception clauses which apply to teaching, libraries, quotations, etc.

The requirement of fixation

Article 6 of the Ethiopian Copyright Law lays down the requirements for copyright protection. According to the first part of this provision, irrespective of the quality of the work and the purpose for which the work may have been created, the author is automatically entitled to protection upon creation, and without any formality. The implication of this is that a song that is sung out loud, or a speech that is delivered in public is immediately protected once they have been made. Authors do not need to fix their creation in any material form in order to attain legal protection.

Unfortunately, the second part of the same provision introduces the fixation requirement in addition to originality. Accordingly, in order to enjoy protection, a work has to be original, and fixed. The requirement of originality, being a universal requirement for copyright protection, has been well received by a number of scholars in Ethiopia. The problem is with the requirement of fixation, which is new to Ethiopian Copyright Law.\(^9\) The same law defines the term 'fixation' to mean the embodiment of works or images or sounds, or of the representation thereof from which they can be perceived, reproduced or communicated through a device prepared for the purpose.\(^10\) The definition makes it possible for any storage medium to facilitate the fixation requirement.

From the Ethiopian practice, at least from the perspective of the music industry, the fixation requirement has negatively affected the illiterate sections of society, and those creators who do not have access to modern technology.

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\(^9\) The position of the Berne Convention in this regard is stipulated in Article 2(2). According to this provision, 'it shall, however, be a matter for legislation in the countries of the Union to prescribe that works in general or any specified categories of works shall not be protected unless they have been fixed in some material form'. In effect, this provision makes fixation optional.

\(^10\) Article 2(11) of the Ethiopian Copyright Law.
The introduction of the fixation requirement is negative in some ways but positive in others. On the one hand, the measure has limited the availability of copyright protection to the few that are literate and have better access to technology. This is most visible in the music industry. On the positive side, the fixation requirement has limited the availability of copyright protection to works embodied in a medium which allows them to be perceived. This allows the public open access to those works that are not embodied in a perceptible medium, which can then be utilized without any restrictions. This has positive implications in ensuring access to knowledge, which is vital in expanding education.

**Parallel imports**

Ethiopian *Copyright Law* acknowledges control over importation of originals or copies of works as part of the bundle of rights granted to copyright owners. By doing so, Ethiopian *Copyright Law* has adopted the principle of national exhaustion. This is negatively affecting access to knowledge.

**Non-voluntary licence for reproduction, translation and broadcasting**

Article 7(1)(a), (b), and (h) of the Ethiopian *Copyright Law* recognizes reproduction, translation and broadcasting of work as part of the author's bundle of economic rights. Despite the recognition of these rights, Article 17(1) of the same law empowers the Ethiopian Intellectual Property Office with the right to grant (notwithstanding any opposition by the copyright owner, heir, or legatee) a licence to authorize the reproduction, translation, or broadcasting of a published work.\(^{11}\) Article 17 appears to create a sweeping compulsory licensing authority. However, the author's inquiries at the institution have made it clear that the Office does not have such powers.

Rather the regulation which shall implement the *Copyright Law* will eventually govern the manner in which compulsory licences are granted. The regulation will include the conditions of issuance of non-voluntary licence for the reproduction, translation or broadcasting of a published work, subject to the payment of royalty. Article 17 of Proclamation No. 410/2004 is drafted in line with the Appendix of the Berne Convention, which is incorporated into the TRIPS Agreement.

\(^{11}\) According to Bashura, on page 38, 'this is understood as a limitation in the interest of the public; i.e. access to knowledge.' The Berne Convention in its Appendix contains provisions which allow developing countries two compulsory licencing options. The first one allows governments to issue a licence to make translations. The other one allows governments to issue a licence for reproduction and publishing.
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ABSTRACT

This paper is an attempt to study the legal issues relating to protection of trademarks in cyberspace. The key issues discussed include the extent to which Indian legislation and judicial decisions have addressed the challenges posed by the interface between trademarks and commercial domain names.

Are domain names entitled to the same protection as trademarks?

The major function of a trademark is to identify and distinguish the goods or services of one entity from those of another. Domain names are relevant to customers because they perform the same role as trademarks or trade names in helping to distinguish e-businesses online. Therefore, businesses tend to register the names associated with their trademark as Internet domain names.

The Trademarks Act, 1999 protects trademarks that are registered in India by providing for legal action in the event of infringement. However, unregistered trademarks are given protection through the common law remedy of 'passing off' or through 'trademark dilution'. The available forms of relief in actions for infringement or passing off are injunctions, damages and accountings of profits.

The Supreme Court of India discussed the problem of protection of domain names in Satyam Infoway Ltd. v. Sify.net Solutions Pvt. Ltd. In that case, Satyam Infoway (appellant) registered several domain names, such as sify.net, sifymall.com and sifyrealestate.com in June 1999. Sify.net (respondent) started an Internet marketing business under the domain names siffynet.com and sifynet.net on 5 June, 2001. Satyam Infoway filed a suit on the grounds that Sify.net was passing off its business name and domain name. The court granted the temporary injunction in favour of Satyam Infoway. Sify.net preferred an appeal to the Karnataka High Court. The appeal was allowed. Satyam Infoway then appealed that decision to the Supreme Court, which allowed the appeal on the basis that Sify.net was seeking to profit from the appellant’s reputation as provider of services on the Internet.

The question raised in the appeal was whether Internet domain names were subject to the legal norms applicable to other intellectual property rights, such as trademarks, and whether a domain name could be considered as a word or name that was capable of distinguishing the subject of trade or service made available to potential users of the Internet.

The Court held that a domain name acts as a business identifier on the Internet and was entitled to equal protection as a trademark. As more commercial enterprises trade or advertise their presence on the Web, domain names have become more valuable. Therefore, the potential for disputes is high.

The Supreme Court further pointed out a key distinction between trademarks and domain names. Trademarks are protected individually by the laws of the countries in which they are

*Dr. Poonam Dass (India) is an Assistant Professor in the Faculty of Law, University of Delhi, India. Dr. Dass specializes in Intellectual Property and Cyber Law. She obtained her PhD in the Legal Aspects of Cyber Transactions from the University of Delhi. Dr. Dass has published in the areas of intellectual property and Cyber Law, and has presented papers at national and international conferences.

1 Section 29 of The Trade Marks Act, 1999.
2 AIR 2004 SC 3540; 2004(28) PTC 566 (SC).
3 Ibid.
registered. Consequently, trademarks may have multiple registrations in many countries throughout the world. On the other hand, since the Internet faces no such geographical limitations, domain names are accessible irrespective of the consumer’s location. Owing to universal connectivity, a domain name would require worldwide exclusivity. Therefore, national laws alone were inadequate for the effective protection of domain names.

The Court noted that there was no statute in India to protect or resolve disputes involving domain names. Though the Trademarks Act, 1999 had no extra-territorial application and might not provide for the adequate protection of domain names, domain names could be legally protected under the laws relating to passing off in India.

Thus, in India, the law is now settled that domain names are more than an Internet address. They are valuable corporate assets that are entitled to equal protection as trademarks.  

Protection of a trademark vis-a-vis a domain name

By using domain names that are identical or deceptively similar to the well-known trademarks, e-businesses make themselves vulnerable to disputes concerning trademark infringement, trademark dilution or passing off actions. The disputes may arise with respect to cybersquatting or reverse cybersquatting. There may be disputes between the domain name holders inter se, such as typo-squatting. Apart from resorting to ICANN’s Dispute Resolution Policy (UDRP), the remedy in India is either to seek recourse in the court system, or to have the disputes resolved through the .IN Domain Name Dispute Resolution Policy (INDRP).

This section will discuss legal challenges relating to the ICANN/UDRP System, the jurisdiction of courts in domain name disputes, disputes relating to owners of trademarks and domain name owners, and disputes concerning domain name owners inter se.

The ICANN/UDPR system for international domain name protection and dispute resolution

The lacuna in international domain name regulation led to the creation of the international regulation of the domain name system, which was the responsibility of the World Intellectual Property Organization (WIPO) and the Internet Corporation for Assigned Names and Numbers (ICANN). The consultation between WIPO and ICANN resulted not only in the creation of a system of domain name registration, but also in the Uniform Domain Name Resolution Policy [UDRP] in 1999. The registration is on a first come, first served basis. Such registration does not by itself provide protection under Indian Trademark Law. However, it does provide evidence of use of the mark, as was decided in the Satyam case to be discussed further in the paper.

4 See Rediff Communications v. Cyberbooth, AIR 2000 Bom 27; Yahoo Inc. v. Akash Arora, 1999 PTC (19) 201 (Del); Dr. Reddy’s Laboratories Ltd v. Manu Kosuri, 2001 PTC 859 (Del); Aqua Minerals Ltd v. Pramod Barse, 2001 PTC 619 (Del); Info Edge (India) Pvt Ltd v. Shailesh Gupta 2002 (24) PTC 355 (Del); Celador Productions Ltd v. Gaurav Mehrotra, 2003 (26) PTC 140 (Del); Pen Book Pvt Ltd. v. Padmaraj Emily 2004 (29) PTC 137 (Ker); Tata Sons Ltd. v. Fashion ID Ltd, 2005 (30) PTC (Del.) 182; Buffalo Network Pvt. Ltd v. Manish Jain 2005(30) PTC (Del) 242.


Under the UDRP policy, a complaint can be filed on the grounds that the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights. Similarity is decided on the possibility of deception among potential customers. In an action for passing off, similarity is also based on deception caused to consumers due to the identity or similarity of the marks. The defences available to a complainant are also substantially similar to those available in an action of passing off under Indian Trademark Law.

The jurisdiction of Indian courts in domain name disputes

Cyberspace is a borderless environment. Global e-commerce is possible through the Internet. In order to host a website, an e-business has to register a domain name. One can access the website from anywhere in the world with the help of a domain name. Sometimes, a registered domain name may be deceptively similar to a trademark or another domain name. This may lead to disputes among the owners of domain names inter se, or between domain names and trademarks owners residing in different jurisdictions. The defendant in such cases may not be residing within the territorial jurisdiction of Indian courts. Thus, this raises an issue of personal jurisdiction over non-resident defendants in domain name disputes.

Rules governing the jurisdiction of courts in civil suits are primarily national in character, i.e. they are part of, and stem from a country’s domestic legal system. In determining whether they have jurisdiction over a particular matter, courts apply the procedural laws of the country to which they belong i.e. (lex forum). As every country has its own laws, the lack of uniformity often results in conflicts.

Sections 19 to 20 of the Civil Procedure Code, 1908 (CPC) lay out the rules relating to personal jurisdiction in India. Section 19 deals with lawsuits relating to compensation for wrongs against persons or movables. Such actions may be initiated where the wrongs occurred, where the defendant resides or carries on business, or where the defendant works for personal gain. It does not cover foreign torts. Section 20 deals with other lawsuits, which may be initiated on the same conditions as well as on where the cause of action arose (in whole or in part).

In the case of non-resident defendants, courts can exercise jurisdiction if the ‘cause of action’ wholly or partly arises within the court’s territorial jurisdiction. When a non-resident

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7 Rule 4(a)(i), UDRP Policy.
8 Ibid., Rule 4(c).
9 Section 20, Civil Procedure Code - Other suits to be instituted where defendants reside or cause of action arises - Subject to the limitations aforesaid, every suit shall be instituted in Court within the local limits of whose jurisdiction -
   (a) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain; or
   (b) any of the defendants, where there are more than one, at the time of the commencement of the suit actually and voluntarily resides, or carries on business, or personally works for gain, provided that in such case either the leave of the Court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or
   (c) the cause of action, wholly or in part, arises.
10 In the restricted sense cause of action means the circumstance forming the infraction of the right or the immediate occasion for the action. In the wider sense it means the necessary conditions for the maintenance of the suit, including not only the infraction of the right, but the infraction coupled with the right itself. Compendiously the expression means every fact which it would be necessary for the plaintiff to prove if
defendant is involved in an infringement action or a trademark dispute relating to passing off or trademark dilution, jurisdiction over the matter arises from Section 20(c) of the CPC. However, with respect to infringement or other rights relating to registered trademarks, Section 134(2) of the Trademarks Act, 1999 provides another forum, i.e. the place of residence of plaintiff.

In Casio India Co Ltd. v. Ashita Tele System Pvt. Ltd.\(^\text{11}\), the Delhi High Court assumed jurisdiction over a defendant residing in Bombay on the basis that the defendant's website could be accessed from Delhi. The Court held that in passing off disputes, the cause of action arises wherever the website could be accessed, and that jurisdiction cannot be confined to territorial limits of the defendant's residence.\(^\text{12}\)

The Delhi High Court again dealt with the question of the jurisdiction in cyberspace in the case of (India TV) Independent News Service Pvt. Limited v. India Broadcast Live LLC and Ors.\(^\text{13}\) In that case, the India TV Independent News Service (plaintiffs) ran a television channel called INDIATV. It also owned the website, indiatvnews.com. The television channel was available for live viewing on the website. In January 2007, India Broadcast Live (defendants) launched a news channel, indiatvlive.com, in India and Los Angeles. The website prominently displayed the words 'INDIA TV' inside the sketch of a television. The plaintiff, Independent News Service, filed for an injunction to prevent the defendant, India Broadcast Live, from using the mark 'INDIATV' as part of its domain name or in any other manner on their website. It also asked the Court to compel the defendant to transfer the domain name 'indiatvlive.com' to Independent News Service.

The Court granted the *ex parte* injunction. India Broadcast Live moved an application to set aside the injunction. The alleged grounds for the application were that the defendant company had no presence in India. It had been formed and was effectively established in the United States.

Independent News Service also filed a defensive counter-claim seeking an injunction against India Broadcast Live from proceeding with the 'reverse cybersquatting' action it had instituted in the Arizona District Courts [India Broadcast Live was seeking a declaration of non-infringement of the plaintiffs mark in Arizona]. India Broadcast Live challenged the claim of Independent News Service by contending that the Arizona Court, and not the Delhi High Court, was the court of competent jurisdiction. It also argued that in any event, the Delhi High Court was *forum non conveniens*. Independent News Service asserted that all the defendants in the case were American entities not amenable to the personal jurisdiction of the Delhi High Court.

The Delhi High Court stated that in order for it to assume personal jurisdiction, the following factors had to be considered. First, whether India Broadcast Live's activities had a sufficient connection with the forum State (India). Second, whether the cause of action arose out of the defendant's activities within the forum. Third, whether the exercise of jurisdiction would be reasonable. The Court noted that the mere accessibility of a website in a particular place may not be sufficient to assume personal jurisdiction over the owners of the website. However, if the website was interactive, permitting the browsers to subscribe to the services provided by the owners/operators, the position would be different. Further, limited interactivity of the website, for example, one restricted to


\(^{11}\) MANU/DE/0739/2003; 2003 (27) PTC 265 (Del).

\(^{12}\) Ibid., paragraph 6(b).

\(^{13}\) MANU/DE/1703/2007; 2007 (35) PTC177 (Del).
receiving Internet browsers' names and expressions of interest (but not signing up for services) may not be sufficient for the Court to exercise personal jurisdiction.  

The Delhi High Court held that the website 'indiatvlive.com' was not passive in nature. The services offered on the website could be accessed by subscription around the world, including from Delhi, (India), which was within the jurisdiction of the Delhi High Court. Some articles published on the website also showed that indiatvlive.com was targeting the Indian market, and had been launched in both Delhi and Los Angeles. Since Independent News Service targeted Indian audiences, it would suffer damage in the local market because the defendant's website was accessible and open to receiving subscriptions in India. Hence, the defendant was carrying on activities within the jurisdiction of the Court; had sufficient presence in the jurisdiction of the court; and the claim had arisen because of India Broadcast Live's activities within the jurisdiction of the Court. Consequently, the Court could exercise personal jurisdiction over the defendants. 

In Banyan Tree Holding (P) Limited v. A. Murali Krishna Reddy, the Division Bench of Delhi High Court dealt with a case on the ambiguities involved in deciding jurisdiction, based on the accessibility of a website. The Court overruled the decision in the Casio Case discussed above. Instead, it supported the view laid down in India TV, which acknowledged that the mere accessibility of a website in a territory might not be sufficient to attract the jurisdiction of a court.

In this case, neither Murali (defendant) nor Banyan Tree (plaintiff) was situated within the jurisdiction of the Delhi Court. The defendant was in Hyderabad, which is not within the local limits of Delhi High Court. Hence, Section 20(a) and (b) CPC are not applicable. The plaintiff had its registered office in Singapore and was in the hospitality business. The plaintiff's trademark was the word 'Banyan Tree' and the banyan tree device (graphic). The plaintiff also maintained the websites www.banyantree.com and www.banayantreespa.com. Both websites were accessible in India. In collaboration with the Oberoi Group, the plaintiff had been operating 15 spas across India. The defendant had started work on a project under the name 'Banyan Tree Retreat'. It had advertised its project on their website www.makprojects.com/banyantree. The plaintiff filed for an injunction in Delhi High Court, seeking to bar the defendant from using the mark on the basis of deceptive similarity. The plaintiff was seeking territorial jurisdiction of the Delhi Court on the basis of Section 20(c) CPC. The plaintiff contended that cause of action wholly or partly arose in Delhi because of two factors, firstly that the website of the defendants was accessible in Delhi. The website was not passive but used for soliciting business in Delhi. Secondly, that there was at least one instance of the defendants’ brochure being sent to a Delhi resident for the purposes of sale of property.

The Delhi High Court judge assigned to the case referred it to a panel of judges in the Court's Division Bench. The Division Bench of Delhi High Court framed the following questions: (i) In what circumstances does hosting a universally accessible website lend jurisdiction to Court in passing off or infringement suits where the plaintiff is not carrying on business within the jurisdiction of a Court ('the forum court')? (ii) In a passing off or infringement action where the defendant's website is accessible in the forum State, what is the burden on the plaintiff to establish a prima facie case that the

14 Ibid., at paragraphs 47 and 48.
15 Ibid., at paragraphs 49, 50, and 51.
16 CS (OS) No.894/2008, decided on 23 November 2009 (Del) (DB). See also the decision of the Karnataka High Court in Presteeege Property v. Prestige Estates, MFA No. 4954/2006 and 13696/2006 decided on 2 December 2009 (J. Bopamma held that in this case the website was accessible in Bangalore, however the nature of the defendant's activity was construction work in Kerala, and hence the sale could not take place in Bangalore. Therefore, a cause of action did not arise within the jurisdiction of the court).
forum court has jurisdiction over the suit? (iii) Is it permissible for the plaintiff to establish such a prima facie case through ‘trap orders’ or ‘trap transactions’?

The Division Bench was of the opinion that:

In a suit for passing off and infringement where the plaintiff is not within the jurisdiction of forum state the plaintiff has to show in absence of long arm statute that defendant “purposefully availed” itself of the jurisdiction of the forum court. For this it would have to be prima facie shown that the nature of the activity indulged in by the defendant by the use of the website was with an intention to conclude a commercial transaction with the website user. Further, the specific targeting of the forum state by the defendant resulted in an injury or harm to the plaintiff within the forum state. To prove that some part of cause of action has arisen in the forum state the plaintiff has to prima facie show that the website whether “passive plus” or “interactive”, was specifically targeted at viewers in the forum state for commercial transactions. The Plaintiff would have to plead this and produce material to prima facie show that some commercial transaction using the website was entered into by the defendant with the user of its website within the forum state, resulting in an injury or harm to the plaintiff within the forum state. The commercial transaction entered into by the defendant with an Internet user located within the jurisdiction of the forum court cannot possibly be a solitary trap transaction since that would not be an instance of “purposeful” availment by the defendant. It would have to be a real commercial transaction that the defendant has with someone, not set up by the plaintiff itself. If the only evidence is in the form of a series of trap transactions, it should be shown that fair means have been used to obtain them. Further, the Plaintiff has to aver unambiguously in the plaint, and place along with it supporting material, to prima facie show that the trap transactions relied upon satisfy the above test.17

The Court returned the case to the single judge so it could be decided according to the law it had laid down. In the author’s opinion, this is the correct law applicable to Internet-related disputes.

*Effect of the decisions of administrative panels based on ICAAN policy (UDRP) or Panel of Arbitrator under INDRP on the jurisdiction of the Courts*

Indian courts have held that the decisions of administrative panels based on ICAAN policy (Uniform Domain Name Resolution Policy – UDRP) are not binding in India. Therefore, the decision of an ICANN/UDRP administrative panel will not operate as *Res judicata*. The UDRP and .IN Dispute Resolution Policy (INDRP)18 have been formulated by non-profit organizations and not by the legislature. The policies provide for limited remedies and do not oust the jurisdiction of the courts. The decision of a Panel under the UDRP or INDRP is not equivalent to an arbitration award as there is no written agreement between the parties that could be subject to arbitration.

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17 Ibid., *Banyan Tree*, paragraph 58.
18 The INDRP is available at http://www.registry.in/Policies/Dispute%20Resolution [Accessed on 8 November 2010]
This position was reflected in *Beiersdorf A.G. v. Ajay Sukhwani and Anr.*\(^{19}\) where the Delhi High Court considered whether the decision of the WIPO Administrative Panel, based on the UDRP, amounted to *res judicata*. Beiersdorf A.G. (plaintiff) had a well-known trademark, ‘NIVEA’, a worldwide toiletries brand. Ajay Sukhwani (defendant) started an educational consultancy service using the domain name www.niveainternational.com. One of its defences was that in 1991, the administrative panel of WIPO had rejected the complaint of the plaintiff. After referring to the rules of the policy, the Court held that the decision of the Administrative Panel was not binding and therefore would not trigger the doctrine of *res judicata*. Further, the decision was not an arbitral award, which could be enforceable under the *Arbitration and Conciliation Act, 1996*. Hence, the Panel's decision did not bar the jurisdiction of the civil courts under Section 9 of the CPC.

In *Citi Corp v. Todi Investors*\(^{20}\), the Citi Corp (plaintiff) had filed for a permanent injunction against the Todi Investors (defendant) to prevent them from using the trademark 'CITI', and to transfer the domain name 'citi.in' to the plaintiff. The defendant filed an application to quash the complaint because the subject matter of the suit was covered by the INDRP. The defendant argued that in view of the provisions contained in Section 2(2)\(^{21}\) and Section 5\(^{22}\) of the *Arbitration and Conciliation Act, 1996*, the application was no longer sustainable when read in harmony with Section 9\(^{23}\) of the *Code of Civil Procedure (CPC), 1908*. The Delhi High Court held that the scheme of the Policy and the rules framed thereunder showed that there was no explicit ouster of the jurisdiction of the civil court. In terms of an implicit bar to the jurisdiction of civil courts, the Court stated that the INDRP was not a new statutory remedy that could bar their jurisdiction under Section 9, CPC. The Policy\(^{24}\) had not been formulated by legislature, but by the National Internet Exchange of India (NIXI), a not for profit company, under Section 25 of the *Companies Act, 1956*. It was merely an alternative dispute resolution policy. The aggrieved person could still resort to the courts in spite of an arbitral decision based on the INDRP Policy. Further, if proceedings were pending before the Court, the panel could not transfer the domain name.\(^{25}\)

Additionally, the Court found that the status of an arbitrator under the .INDRP was neither that of a judge nor a judicial officer. The prescribed qualifications of arbitrators merely require some expertise in computers or law, whereas under Section 134 of the *Trademarks Act*, only district courts have powers to decide cases of infringement and passing off. Therefore, a panel set up under the .INDRP policy is not a forum which can be said to provide adequate and effective machinery for

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\(^{19}\) MANU/DE/1631/2008; 156 (2009) DLT 83.

\(^{20}\) MANU/DE/3357/2006; 2006(33) PTC 631 (Del).

\(^{21}\) The *Arbitration and Conciliation Act, 1996*. Section 2(2) - This Part shall apply where the place of arbitration is in India.

\(^{22}\) Ibid., Section 5 - Extent of judicial intervention - Notwithstanding anything contained in any other law for the time being in force, in matters governed by this part, no judicial authority shall intervene except where so provided in this Part.

\(^{23}\) Section 9, *Civil Procedure Code, 1908* - Courts to try all civil suits unless barred. - The Courts shall (subject to the provisions herein contained) have jurisdiction to try all suits of a civil nature, excepting suits of which their cognizance is either expressly or impliedly barred.

\(^{24}\) See *supra* footnote 17.

\(^{25}\) Rule 12 of INDRP transfer of domain name during disputes during the pending arbitration/court proceedings, unless the party agrees in writing to be bound by court proceedings and Rule 3(b)(vii) of INDRP Rules of Procedure provides that the complaint should incorporate whether any legal proceedings have been commenced or terminated relating to the domain name that is the subject of complaint. These provisions show that .INDRP proceedings are not mandatory for complainants. See *supra* footnote 17.
redressing all the disputes. Further, the court said that INDRP is based on the lines of UDRP and that neither could oust the jurisdiction of courts.\(^{26}\)

The Court was also of the view that the provisions of the *Arbitration and Conciliation Act, 1996* could not be invoked unless there was a binding and written arbitration agreement between the parties. The mere act of registering with an alternative dispute resolution forum did not amount to an arbitration agreement. The Court rejected the defendant’s application.\(^{27}\)

**Disputes between the owners of trademarks and the owners of domain names**

If domain name owners register marks identical or similar to the trademarks of others, this may lead to disputes where the domain name is used in relation to identical, similar, or different goods and services. The courts have protected such trademarks through the actions of trademark dilution, passing off and infringement.

*Use of a domain name resulting in the likelihood of an association with the marks having reputation and goodwill*

A domain name that is similar or identical to a distinctive or well-known mark may cause trademark dilution. The dilution may occur through 'tarnishment', whereby the domain name owner's use harms the reputation of the mark by making the mark less attractive, or through blurring, whereby the marks become less distinctive.

The word ‘dilution’ is not used in India's *Trademarks Act, 1999*. However, Section 29(4) of the Act provides for an infringement action where (i) a person uses in course of trade the mark identical or similar to the registered trademark; (ii) the mark is used in relation to goods or services which are not similar to those for which the trademark is registered; (iii) the registered mark has a reputation in India; and (iv) the use of a mark without due cause, takes unfair advantage of, or is detrimental to the distinctive character or reputation of the registered trademark.\(^{28}\)

The detriment may occur if the distinctiveness of the mark becomes blurred or if there is tarnishment of the mark. Hence, Section 29(4) is a type of trademark dilution. However, the test is stringent, as one has to prove identity or similarity between marks. There is no question of deception in this case.\(^{29}\) In other cases of infringement the deceptively similar standard, as defined in Section 2(h)\(^{30}\), is applied, whereas in Section 29(4) the legislature has consciously avoided using the words ‘deceptively similar’. The courts have also given protection to unregistered well-known trademarks, when their use by others has caused trademark dilution.\(^{31}\)

\(^{26}\) See *supra* footnote 19, paragraph 43.

\(^{27}\) Ibid.

\(^{28}\) See the *Trade Marks Act, 1999*, Section 29(4).

\(^{29}\) Ibid.

\(^{30}\) See *supra* footnote 27, Section 2(h) - 'deceptively similar' – A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion.

In *Super Cassettes Industries Ltd v. Mr Wang Zhi Zhu Ce Yong Hu*, the plaintiff engaged in the business of consumer electronics, film production and audio/visual business under the corporate name 'Super Cassettes'. The business operated under the domain name www.supercassetes.com. Wang Zhi, the defendant had registered the domain name www.supercassetes.com, which it was using for adult material. The Court held that the defendant’s action was detrimental to the plaintiff, and granted a permanent injunction along with damages of Rs. 5 lakhs (approximately $11,000). The court also ordered the transfer of the domain name www.supercassetes.com to the plaintiff.

Other disputes between domain name owners and trademark owners

Cybersquatting

A cybersquatter is a person that registers a domain name that is similar to a legitimate trademark. The cybersquatter then attempts to extract money from the trademark holder in exchange for the domain name. This practice is commonly referred to as domain name piracy, cyber-piracy or cybersquatting. There is no statutory remedy in India to prevent cybersquatting. However, the courts have allowed passing off actions in cases where the domain names have been registered in bad faith.

Even in cases where the domain name holder has not used the domain name with respect to the same goods or services as the trademark holder, courts have still provided remedies on the various grounds, including trademark dilution, passing off and unfair competition.

In *Aqua Minerals Ltd v. Pramod Borse*, Acqua Minerals, the plaintiff, was the registered owner of the trademark 'BISLERI' and had applied for the domain name 'bisleri.com' through Network Solutions Inc. (NSI). In January 2000, the plaintiff discovered Pramod Borse had already registered the domain name on 11 December 1999. When the plaintiff called upon the defendant, the defendant demanded a large sum of money to transfer the domain name to the plaintiff. The Court ruled that the use of the plaintiff's trademark as a domain name by the defendant was likely to cause tremendous harm and prejudice, including pecuniary and other losses to the plaintiff. It also found that the defendant's demands for large sums of money had provided evidence of bad faith. The Court granted a permanent injunction against the defendant from using the domain name, and held that the plaintiff could approach the NSI to facilitate its transfer to the trademark holder.

The ICANN’s Uniform Domain Name Resolution Policy (UDRP) also provides a remedy, whereby the domain name can be transferred to the complainant or cancelled if the registration is made in bad faith. One of the circumstances of bad faith registration of the domain name includes registration for the purpose of selling, renting or transferring for valuable consideration in excess of the domain name registrant's out-of-pocket costs directly related to the domain name.

33 See *supra* footnote 4; see also *Dr. Reddy’s Laboratories Ltd v. Manu Kosuri* (here the domain name registered by the defendant was 'drreddyslab.com', which was similar to 'Dr. Reddy', a famous mark); *Tata Sons Ltd v. Manu Kosuri and Ors*, 2001 PTC 432 (Del); *Pen Books Pvt. Ltd. v. Padmaraj*, 2004 (29) PTC 137 (Ker); *Ranbaxy Laboratories Ltd. v. PE-MM SP. ZO.O* 2007(35)PTC865(Del).
34 The UDRP Policy. Rule 4(b) (i).
In India the INDRP policy, which is similar to the UDRP, also provides a remedy for the bad faith registration of a domain name. In the author's opinion, the Trademarks Act, 1999 should be amended to provide relief to trademark holders for cybersquatting. The law should provide for both injunctions, actual damages or elective statutory damages against cybersquatting, depending upon the reputation and distinctiveness of the trademark.

Reverse cybersquatting

In reverse cybersquatting, the trademark owner initiates proceedings to harass the innocent owner of a domain name to transfer the domain to them. In other words, it involves false cybersquatting proceedings. Generally, larger companies tend to use this practice against individuals or the smaller companies.

The Trademarks Act, 1999 permits the use of registered marks by any person for identifying goods or services of the proprietor, if the use is '(a) in accordance with honest practices in industrial or commercial matters; and (b) is not to take unfair advantage of or be detrimental to the distinctive character or repute of the trademark'. In actions for passing off, the courts allow the defence of 'honest and concurrent use'. Before allowing this defence the court looks into factors, such as the honesty of concurrent use, the quantum of the use (i.e. duration, volume and area of trade), proven instances of confusion, and the relative inconvenience that may be caused to the concerned parties.

Indian courts have yet to hear cases relating to reverse cybersquatting. However, in the absence of bad faith registration, or where a domain name holder has a legitimate interest in a similar/identical trademark, courts may bar infringement or passing off actions. The INDRP policy provides a remedy of transfer and cancellation of domain names, where the registrants have legitimate interests in the domain.

In the WIPO Arbitration and Mediation Centre case of Maruti Udyog Limited v. Tell Ra, the complainants owned the registered trademark 'MARUTI'. They wanted the respondent, Tell Rao, to transfer the domain name 'maruti.com' to them. The respondent countered by alleging reverse cybersquatting as he had registered a series of domain names reflecting his family's last name, including 'maruti.com'. He contended that 'Maruti' was another name of Lord Hanuman in India. It was the common practice in India to name their babies after their god. His family believed in Lord Maruti and the respondent’s nephew was also named ‘Maruti’. The name had been passed on from one generation to another in his family. The Panel held that the complainants had not provided

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35 The INDRP. Paragraph 4(iii). Available at http://www.registry.in/IN%20Domain%20Name%20Dispute%20Resolution%20Policy%20%28INDRP%29 [Accessed on 8 November 2010].

36 The Trade Marks Act, 1999, Section 30(1).

37 The Bombay High Court laid down the facts required to be proved for ‘honest and concurrent use’ under Section 12(3) of the Trade and Merchandise Marks Act, 1958, which is similar to Section 12 of the Trade marks Act, 1999. These are: ‘(1) The honesty of the concurrent use; (2) The quantum of concurrent use shown by the petitioners having regard to the duration, area and volume and trade and to goods concerned; (3) the degree of confusion likely to follow from the resemblance of the applicants' mark and the opponents' marks; (4) whether any instance of confusion have in fact been proved; and (5) the relative inconvenience which would be caused to the parties and the amount of inconvenience which would result to the public if the applicants' mark is registered.’ See Kores (India) Ltd. v. Khoday Eshwarsa and Son, MANU/MH/039/1984, paragraph 11.

38 See supra footnote 34, paragraph 4(ii).

39 WIPO Case No. D 2000-0518.
sufficient proof of a bad faith registration by the respondent, or evidence that he had no legitimate interest in the domain name. Hence, the complainants were denied relief.

Use of the trademarks as keywords for advertising

Search engines such as Google, Excite, Netscape and Yahoo, use keywords to classify websites according to their unique classification schemes. As a means of targeted advertising, these search engines sell keywords to advertisers. When Internet users include these words in their search terms, this triggers advertisements that link to the advertisers' websites. This practice affects trademark owners when their marks are commoditized as keywords and sold to persons other than the legitimate owners.

In Consim Info Pvt. Ltd v. Google India\textsuperscript{40}, Consim Info filed a suit of trademark infringement and passing off suit against Google and three other portals, Shaadi.com (People Group), Jeevansathi.com (Info Edge) and SimplyMarry.com (TBSL). Consim said that it had registered the trademarks 'bhararmatrimony centre', 'tamilmatrimony', 'telegumatrimony', 'bharatrimony', 'bengalimatrimony' etc. In an application for an interim injunction, Consim contended that Google was guilty of contributory infringement, as Google facilitated the advertisers' actions through its keyword suggestion tool. Google contended that it did not allow anyone \textit{per se}, to use the registered trademarks of the Consim. It further contended that Consim's trademarks were combinations of two generic words upon which no exclusivity could be claimed. The Madras High Court held that:

\ldots the offer of words by search engine in their suggestion tool, may not \textit{per se} amount to an infringing use of a registered trade mark, as the search engine may not have knowledge that such names constitute registered trademarks. It is only in cases where a completely arbitrary or fanciful name, which has no nexus or connection with nature of goods or services, is adopted as trademarks, that the offer by search engine of that trademark in their keyword suggestion tool to the competitors of proprietor of the mark could be considered as amounting to vicarious or contributory infringement.\textsuperscript{41}

On the facts, the Court ruled in favour of Google as the keywords 'Tamil', 'Matrimony' etc. were common words and their use in the search engine's keyword suggestion tool did not amount to direct or contributory infringement. Therefore, the Court denied Consim's application for an injunction.

The Indian Trademarks Act, 1999 provides that a registered trademark is infringed by a person who uses a mark which is identical or deceptively similar to the registered mark, in the course of trade, and in relation to goods or services for which the mark is registered.\textsuperscript{42} The Act provides that use in advertising is also considered as use of a trademark for the purposes of an infringement action.\textsuperscript{43} The Act further provides that 'a registered trade mark is infringed by any advertising if such advertising – (a) takes unfair advantage of, and is contrary to honest practices in industrial or commercial matters, or (b) is detrimental to distinctive character, or (c) is against the reputation of the


\textsuperscript{41} Ibid., at paragraph 200.

\textsuperscript{42} The Trade Marks Act, 1999, Section 29(1).

\textsuperscript{43} Ibid., Section 29(6)(d).
Therefore use that satisfies the above conditions of the section raises liability for an infringement action.

Disputes between domain name owners inter se

Confusion and deception by the use of phonetically similar domain names/typosquatting

A registered domain name may be phonetically similar to an earlier registered domain name owner. This may lead consumers to confuse the source of e-services or to infer a trade connection between the two domain names. Indian courts have provided the relief to such an earlier domain name owner in a suit filed for passing off action, if the subsequent domain name owner has traded upon the reputation of the domain name, registered by an earlier domain name owner.

In Satyam Infoway Ltd. v. Siffy net Solutions Pvt. Ltd45, the Supreme Court of India held that the domain name 'siffy.com' and 'siffynet.com' were deceptively similar to each other. Hence, this would create confusion in the minds of consumers. The Court allowed the passing off action. In Rediff Communications v. Cyberbooth46, Rediff (plaintiff) was carrying on a business providing services through the domain name 'rediff.com'. The Bombay High Court held that the Cyberbooth’s (defendant) only object in adopting the domain name 'radiff.com' was to trade upon the reputation of the plaintiff’s domain. The Court held that the defendant was passing off the services of the plaintiff and barred the defendant from using the domain name 'radiff.com'.

In Info Edge (India) Pvt. Ltd v. Shailesh Gupta47, Info Edge’s (plaintiff) had registered the domain name 'naukri.com'. Shailesh Gupta (defendant) started using the domain name 'naukari.com', which provided hyperlinks to his website jobsourceindia.com. The latter site provided services similar to those of the plaintiff. The Delhi High Court granted the injunction and barred the defendant from using 'naukari.com'. Similarly, in Buffalo Network Pvt. Ltd v. Manish Jain48, the Buffalo Network (plaintiff) owned a news portal 'tehelka.com'. He had registered the domain name in 2000. Later, the Manish Jain (defendant) registered 'tahelka.com'. The Delhi High Court held that the defendant’s use of a deceptively similar domain name amounted to passing off. In The Federal Bank Ltd. v. Matt Hiller49, the Delhi High Court granted a permanent injunction against the use of a deceptively similar domain name held by the Matt Hiller.

In cases where a domain name is descriptive and has not acquired a secondary meaning, the courts have not allowed passing off actions. In M/s. Online India Capital Co. Pvt. Ltd. v. M/s. Dimension Corporate50, Online Capital (plaintiff) owned and used the domain name

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44 Ibid., Section 29(8).
45 See supra footnote 2.
46 AIR 2000 Bom 27. See also M/s. Online India Capital Co. Pvt. Ltd v. M/s. Dimension Corporate.
47 See infra footnote 49. (Here the domain names involved were www.mutualfundindia.com and www.mutualfundsindia.com).
48 Idem.
50 MANU/DE/1004/2000. See also Contest2win.com India Private Limited v. Cell Cast Interactive India Private Limited, 2007(35) PTC727 (Bom). The plaintiff had the domain name www.contest2win.com and defendant bid2win. The Court at the prima facie stage refused to allow a passing off action as the '2win' denoted a common term; and Plus Inc. v. Consim Info Private Limited and Network Solution Inc., MANU/MH/0939/2009. The Bombay High Court in the Notice of Motion refused to grant an injunction against
'www.mutualfundindia.com' for a mutual fund business. The plaintiff initiated a passing off action against Dimension Corporate (defendant) for using a deceptively similar domain name, 'www.mutualfundsindia.com'. The Delhi High Court held that the term 'mutual fund' was generic and that the term merely described the business of the plaintiff.

Conclusion

Indian Courts have found that domain names also perform the function of trademarks in that they facilitate the identification of trademark owners' businesses on the Internet. Hence, a domain name is entitled to equal protection as a trademark.

With respect to the issue of personal jurisdiction over a non-resident defendant operating a website with a deceptively similar domain name, the Division Bench of Delhi High Court in Banyan Tree concluded that apart from the degree of the interactivity, the nature of the activity has to be examined and whether such activity results in a commercial transaction. The plaintiff must necessarily plead and establish a prima facie case that the forum State market was specifically targeted by the defendant, and that this targeting resulted in an injury or harm to the plaintiff within the forum State.

Judicial decisions in India have established that a ruling under the UDRP/INDRP policies is an administrative decision, and not an award from an arbitrator enforceable under the Arbitration and Conciliation Act, 1996. Such decisions are not binding on the courts, have no finality, and will not operate as res judicata. These policies do not provide a statutory remedy and hence cannot oust the jurisdiction of the courts under Section 9 of the Civil Procedure Code, 1908.

Under Section 29(4) of the Trademarks Act, 1999, legislative protection is granted to trademarks that are registered in, or which enjoy an established reputation in India. Indian courts have held that Section 29(4) is a species of trademark dilution. Hence, an infringement action can be taken against the domain name owner, who uses such a reputed mark registered for different goods or services, if the conditions of Section 29(4) are satisfied. Unregistered reputed marks are given protection by courts, if the use of such marks as domain names, causes likelihood of association with the reputed marks in a manner that causes trademark dilution through blurring or tarnishment.

In cases of typosquatting, protection has been facilitated through passing off actions. However, where domain names were generic, descriptive, and have not acquired secondary meaning, the courts have refused to grant protection, even when faced with a subsequently registered domain name that is similar.

The cybersquatter registers the domain name to profit from selling it, despite having no legitimate interest in it. There is no statutory remedy for cybersquatting in India. However, courts have barred such defendants from cybersquatting through the common law remedy of passing off. This has been done on the grounds of bad faith registration of domain names. Protection has also been granted through the UDRP. In the case of ‘in’ disputes, this has been done through the INDRP.

the defendant for using the domain name www.indiaproperty.com. The plaintiff had the registered domain name www.indiaproperties.com The services rendered on the website were details of properties available in various Indian cities. The Court held that 'India' and 'Property', whether in singular or in plural, are descriptive and generic words, having direct reference to the character and nature of services rendered, and can never be capable of protection as trademarks. The said trademark has also not acquired a secondary meaning.
India needs an anti-cybersquatting law, which would provide for elective statutory damages or actual damages, and injunctions. With regard to reverse cybersquatting, Rule 15(e) of the UDRP policy and paragraph 4(ii) of the INDRP policy protect innocent domain name holders from harassment by holders of similar or identical trademarks. In India, the trademark law provides protection if the use is in accordance with honest practices in industrial or commercial matters, does not take unfair advantage of, and is not detrimental to the distinctive character or reputation of the trademark. Indian courts have not yet heard cases of reverse cybersquatting. However, courts would protect domain names registered in good faith, or where the complainant has no legitimate interest in it.

When registered trademarks are used as keywords and are sold by search engines to e-businesses for advertising on web portals, the Indian courts have held that the search engines cannot be held liable for contributory infringement. This holding is subject to the caveat that the search engine has no knowledge that such words are trademarks. Further, if a fanciful and arbitrary name is used as a trademark and has no relation to goods or services offered by the competitors of trademark holders, such use may amount to contributory infringement.

The issue of identical trademarks (held in separate, non-overlapping jurisdictions), being registered as domain names by more than one trademark holder, remains unresolved. In the physical world, the problem of honest and concurrent users of identical marks is resolved by the Trademarks Act, 1999. However, in the borderless virtual world, two holders of identical trademarks registered in different physical jurisdictions cannot use the corresponding domain because of the single global registration system for domain names. Owing to this unique problem, many persons using the identical trademarks will stake claims for the same domain name. The registration occurs on a 'first to register'. This negatively affects the interests of other trademarks holders in different jurisdictions.

In conclusion, Indian courts do not exercise jurisdiction over a case merely because a website is accessible in India. Other conditions are considered, namely, the nature of the activity conducted by defendant through the website, and whether the intention of the website is to conclude a commercial transaction with Internet users within the forum State. The forum State must have been specifically targeted by the website, and must have resulted in injury to the plaintiff. The website should be interactive rather than passive in nature.

Legislation must be enacted to deal strictly with cybersquatters. The practice results from bad faith registration which adversely affects trademark holders. Search engines that sell trademarks in the form of keywords to advertisers should be held liable, if they knowingly contribute towards trademark violations by displaying offending advertisements.

Thus, universal global access to websites in a borderless virtual world requires worldwide exclusivity of domain names unlike the physical world, which has boundaries that enable identical trademarks to coexist in different jurisdictions. Further, the legal challenges resulting from the interface between trademarks and commercial domain names require separate legislation to address jurisdictional issues, and ensure the protection of trademark and domain names owners in cyberspace.
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THE DYNAMICS OF THE INDONESIAN PLANT VARIETY PROTECTION SYSTEM

*Ranggalawe Suryasaladin Sugiri

ABSTRACT

This paper describes the enactment and implementation of the Plant Variety Protection Law (PVP) in Indonesia between 2000-2010. It is divided into three sections. The first provides a report on the legal state of affairs prior to the enactment of the PVP and regulations between 1997 and 2000. It should be noted that the enactment of the law was a consequence of Indonesia's ratification of the WTO/TRIPS Agreement, and the significant pressure applied by plant breeders and the agriculture community. The second section describes the structure of the PVP, and provides data on new plant varieties that have been granted protection under the legislation. This section discusses how the PVP adopted some provisions from the International Convention for the Protection of New Varieties of Plants, 1978 (UPOV). It also addresses the inclusion of other PVP provisions covering areas, such as local variety registration, as well as exclusions and exceptions relating to plant breeders' rights. The third section discusses issues pertaining to the implementation of the PVP in Indonesia between 2000-2010. In particular, it deals with policy issues regarding the implementation of the PVP Law and socio-cultural issues relating to its implementation. This section also includes recommendations for further reforms to the PVP law that may provide valuable lessons for other developing countries seeking to formulate or refine their laws on plant breeders' rights.

The introduction of plant breeders' rights into Indonesian law

Indonesia became a member of the World Trade Organization (WTO) in 1994. In 1997, the Government revised the country's laws on copyright, patents, trademarks, industrial designs, trade secrets, integrated circuit layout-designs, and plant breeders' rights (PBR) under the Plant Variety Protection law (PVP). Prior to this, the Government invited academics, lawyers and other stakeholders (including non-governmental organizations working in agricultural and environmental policy) to provide feedback on the draft legislation.

The stakeholders discussed how to align Indonesian intellectual property law with the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). In addition, they addressed the issue of how such legal reforms would benefit and promote Indonesia's economic development through the transfer of technology to small and medium-sized industries, as well as

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* Mr Ranggalawe Suryasaladin Sugiri (Indonesia) is a lecturer in Intellectual Property Law at the Faculty of Law, University of Indonesia, Jakarta. He received his Bachelor of Law and Master of Law in Business Law from the University of Indonesia (Jakarta). He also obtained a Master of International Law from American University (Washington D.C.). In 2005 Mr Sugiri was appointed by WIPO as a University Officer to promote awareness of intellectual property to his colleagues, and to provide lectures in the field at Indonesia Universities. Currently, he is working to develop the University of Indonesia's (Jakarta) Technology Licensing Office, and is a legal practitioner in the field of intellectual property, including technology licensing, biotechnology and pharmaceutical law. Since 2007, Mr Sugiri was also a member of the Ministry of Law (Republic of Indonesia) working group for the development of a legal framework on genetic resources, traditional knowledge, and expressions of folklore. He also active in the Indonesian Intellectual Property Consultant Association.

technology-based industries. The promotion of national products, trademarks and local art were also central objectives underpinning the proposed legal reforms.

The discussions regarding the reform of the patent and PBR laws were the most difficult. The reason for the tension and heated debate that took place was the question of whether Indonesia should adopt Article 27.(3)(b) of the TRIPS Agreement on the patentability of life forms. The Government invited academics and NGOs to seek their opinions.

Three competing factions emerged during those discussions. One faction believed that all life forms (including microscopic organisms such as algae, fungi, bacteria, protozoa and viruses) should never be patented or protected through PBR. Another faction argued that the government should not grant product or process patents for living organisms, except for microbiological life forms. The third faction’s position was that product patents should not be granted for living organisms, but should be granted for microbiological products and processes, through a specifically crafted ‘sui generis’ system for new plant varieties.

In 1997, the Indonesian Government revised the 1989 patent law. Under the 1997 law (Law No. 13/1997), Article 27(3)(b) of the TRIPS Agreement was adopted, such that all living organisms could not be patented, with the exception of microbiological life forms. Further, new plant varieties could be protected under a special sui generis regime. This law elicited significant criticism, especially from Indonesian scientists and NGOs that opposed the dissemination of innovations, such as genetically modified plants and organisms (GMOs and GM Plants), transgenic technologies, as well as agricultural and medicinal products derived from these technologies.

Following the Asian financial crisis, which also affected Indonesia, President Soehharto’s regime was toppled. Consequently, the debate on the patentability of various life forms was suspended until 1999.

In 1999, the Government invited academics, lawyers, and NGOs to provide feedback on the draft bill of the Plant Variety Protection Law, referred to locally as the Perlindungan Varietas Tanaman (PVT). As part of the author’s Bachelor thesis on this topic, he interviewed some of the drafters of the bill, including government breeders, and agri-businesses representatives (especially seed producers). The interviews raised several key questions.

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2 The technology-based industries include organizations or legal entities (corporations, firms, foundations, etc.) whose core business involves research and development in the technology sector.

3 Graeme Dinwoodie, et al. International Intellectual Property Law and Policy. (Mass: Mathew Bender and Company Inc., 2008), Second Edition, page 492. Article 27.3(b) of the TRIPS Agreement provides that Members may also exclude from patentability: plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, Members shall provide protection for plant varieties either by patents, a sui generis system or any combination thereof.

The drafters explained that the PVT was a system of law that empowered the Government to grant exclusive rights to breeders of new plant varieties. These rights were referred to as ‘Hak Pemulia Tanaman, atau Hak Perlindungan Varietas Tanaman’ (plant breeders’ rights or plant variety protection rights/PBR/PVPR). The rights would work in much the same way as patents, but would be modified for the peculiarities of the plant breeding sphere.

One of the drafters and some Government officials admitted that the PVT draft had been crafted to adopt the PBR system set out in the Union Internationale Pour la Protection des Obtentions Vegetales (UPOV) Convention of 1978. One academic mentioned that before Indonesian independence in 1945, the Dutch colonial government had established a patent protection regime for plant-related innovations in the Breeder’s Ordinance, 1941. According to this law, people living in Dutch territories could obtain an ‘octroi’ or patent for their inventions only if they filed for protection in the Netherlands.

Based on these interviews, it could be concluded that TRIPS Article 27(3)(b) was largely regarded as mandating Indonesia to adopt the UPOV system, even though the Government was still considering whether to become a party to the UPOV Convention.

The other question raised in the interviews was why Indonesia had to adopt the PBR/PVP Law at all. Different responses were proposed by two factions. The first faction argued that the law was a necessary outcome of Indonesia’s ratification of the WTO Agreement (1994), of which TRIPS is an Appendix. Therefore, enacting such a law had to be ‘accepted’ as part of Indonesia’s commitment to adopt, respect and benefit from the rules of the international trading community.

The second faction consisted mostly of academics, plant breeders working in Government research centres and private seed companies. They mentioned that Law No. 12 1992, Undang-Undang Sistem Budidaya Tanaman (National Plantation System), was not conducive to encouraging breeders and the private sector to invest in seed research, development and innovation in Indonesia. Furthermore, they were considering the option of supporting the adoption of the European PBR/PVP system. They hoped that this system would encourage the Indonesian agricultural sector (especially breeders, farmers, and private investors) to invest in seed development.

The third interview question presented to the stakeholders was who would be designated to implement the PBR/PVP regime. The response was that the Ministry of Agriculture (MoA) should perform this function through the new Plant Variety Protection Office. In order to obtain the rights, plant breeders would submit their applications to MoA. The applicant would have to provide evidence that they were indeed responsible for developing the new plant variety.

In 2000, the Indonesian Government finally enacted Law No. 29/2000. This legislation became the basis of the Indonesian plant variety protection system.

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5 Suryasaladin Ranggalawe, ‘Legal protection for invention of new plant variety and improved seeds. Thesis for Bachelor Degree in Law. University of Indonesia Faculty of Law 2000: Interview with Mrs Ita Gambiro, lecturer in Intellectual Property Law at the University of Indonesia Faculty of Law, Jakarta, 1999. See also Dinwoodie, page 488.
6 In Indonesian this law regulates the national agricultural system managed by the Government. In particular, it regulates the system of farming, agricultural environmental management, variety registration, seedling and release procedures.
7 Suryasaladin Ranggalawe, Interview with Ahmad Baihaki, University Padjajaran, West Java, Bandung 1999.
The structure and administration of the Indonesian Plant Variety Protection Law

As mentioned in the previous section, before the enactment of the PVP in 2000, the only law that governed new plant varieties was Law No. 12/1992 on the National Plantation System. Under this law, breeders that ‘invented’ or ‘engineered’ a new or improved variety of plant could register their innovation with the Government. They would obtain a reward through an acknowledgment known as ‘penghargaan’. The reward included a lump-sum payment of money, research funds, trophies, or the privilege of naming the new plant variety. Under this law, the breeders were not granted any exclusive rights, or any other rights with respect to marketing, production, replication, and so on. The Government controlled the release of new varieties. This policy changed in 2000 with the enactment of the PVP, which actually granted exclusive intellectual property rights.

The PVP has 76 articles. These are divided into twelve chapters. The most important articles discussed in this paper are those regarding the definitions of PVP, PVP rights, the duration of rights, local varieties collectively owned by society, and plant varieties to which PVP rights cannot be granted. These articles are important to review, especially in comparison with UPOV’s PBR system. Though Indonesia was not a member of UPOV at the time this paper was written, it appears that the Indonesian Government has already adopted most of the PBR system set out in the UPOV Convention, 1978. This is evident through the many similarities between Indonesian Law No. 29/2000 and the UPOV Convention, especially regarding the definitions of PVP rights, farmer privileges, breeders’ exemptions and the duration of rights.

Articles 1.1. and 1.2. of the PVP provide the definitions of the plant variety protection system or perlindungan varietas tanaman/PVT, the rights associated with plant variety protection, and the scope of the plant variety protection rights. Under these provisions, the Government grants breeders exclusive rights (Hak Pemulia Tanaman/Hak PVT) over the protected plant variety.

The scope of the Hak PVT (or plant breeders' rights) are defined as 'the rights to solely use the variety' (in the form of the harvest, seeds and seedlings that can be used for propagation). Further, the term also includes the production, preparation, commercial advertising, import, export, and propagation of protected seeds for any purpose.

The scope of PVP rights are very similar to Article 14 of the UPOV Convention. The Convention grants plant breeders exclusive rights with respect to production, reproduction,
conditioning for the purpose of propagation, offering for sale, selling or marketing, exporting, and stocking.\textsuperscript{16}

The term of protection under the Indonesian PVP is similar to that provided by UPOV. The PVP protects crop-related innovations for 20 years and trees for 25 years. The application requirements under the Indonesian PVP are also similar to Chapter 3 of UPOV regarding ‘Conditions for the Grant of the Breeder’s Rights’ (Article 5-9: Novelty, Distinctiveness, Uniformity, Stability - DUS). In 2004, the Ministry of Agriculture issued Decree No. 422 on Requirements and Procedures on Application and Grant of PVP Rights. Under this Decree, the Government sets the administrative procedures and standards for the PVP office staff conducting examinations of the DUS requirements.

Apart from the aforementioned similarities with the UPOV Convention, the Indonesian PVP has some provisions that differ from, or are not addressed under UPOV. These include exclusions from local plant variety registration and a provision detailing non-infringing acts.

Plant varieties will be excluded from protection by the PVP if their utilization violates laws and regulations relating to public order\textsuperscript{17}, religious norms\textsuperscript{18}, public health, and environmental conservation.

Conditions of local variety registration are set out under Article 7 of the PVP. It provides that local varieties that already exist in nature and are actively used, cultivated and bred by peasant farmers (and their ancestors) are owned and controlled by the State. These local varieties must be registered or reported by local communities. Institutions licensed by the Government are obliged to manage the benefits derived from the utilization of the local varieties on behalf of the public.\textsuperscript{19}

The head of the PVP Office has indicated that the policy objective of Article 7 was to provide for the collection of data on Indonesia’s plant genetic resources.\textsuperscript{20} Local variety registration data can also provide the basis for determining the novelty of plant varieties claimed by applicants. She also added that this provision should be independently regulated under specific laws and regulations regarding national data collection of plant genetic resources in the forestry and agricultural sectors.

Another PVP provision worth noting is that on non-infringing acts. These include the 'farmers’ privilege', 'breeder’s exemption' and other acts.\textsuperscript{21} The farmer’s privilege is found under Article 10(1)(a). This provision states that the use of crop yield for non-commercial purposes is not an infringement of PVP rights. This includes the use of protected propagating material and the replanting of seeds for subsistence purposes. This has posed some challenges for breeders and law enforcement.


\textsuperscript{17} PVP Law 29/2009 citing cannabis as an example of a plant variety that would violate public order.

\textsuperscript{18} PVP Law 29/2009 mentions an example of a plant variety that will infringe religious norms, such as a variety that contains genes from animals that cannot be consumed due to religious norms.

\textsuperscript{19} Under PVP Law 29/2009, Article 7.

\textsuperscript{20} Interview with Mrs Hindarwati, Head of the Centre of Plant Variety Protection Office, Jakarta, March 2010.

\textsuperscript{21} UPOV Convention 1978, Article 15.
officials in Indonesia, especially with respect to monitoring and measuring whether farmers using PVP-protected seeds are validly asserting this privilege or infringing PVP rights.  

The breeders’ exemption is provided under PVP Article 10(1)(b). This Article permits the utilization of PVP-protected varieties for research activities, and plant breeding for the production of other new varieties. This exemption is crucial for nurturing and encouraging Indonesian breeders, the newly developed national seed industry, and the Government's agricultural research programmes. Ultimately, this exemption could reduce the costs since under this provision, breeders do not need to pay royalties or licensing fees.

Article 10(1)(c) allows the Government to use protected plant varieties for the purposes of supplying food and drugs under circumstances, such as food crises. However, such government use must consider the PVP rights holder's entitlement to compensation. In the author's opinion, the government or the courts should establish procedures for determining whether any such Government use is valid or justified to address food security and public health concerns.

The administration of the Indonesian Plant Variety Protection Law

PVP rights are granted through the Ministry of Agriculture’s PVP Office. The institution mandated to administer PBR law is the Ministry of Agriculture’s Centre of Plant Variety Protection Office (CPVP/Kantor Perlindungan Varietas Tanaman Departemen Pertanian Republik Indonesia/Pusat PVT)). This office started servicing breeders seeking PBRs in 2002. This followed the Ministry’s release of Decree No. 401/2002 regarding the organization of the Centre of Plant Variety Protection (CPVP).

The functions of the CPVP are receiving and examining PVP applications, registering PVP rights, registering PVP consultants, granting and canceling PVP rights, managing data relating to PVP registrations, and other administrative services. The CPVP is also mandated to disseminate information about the PVP system to the public and other stakeholders.

After more than eight years in operation, the CPVP has granted and certified 99 PVP rights. A review of the Indonesia Department of Agriculture Statistical Data, especially the CPVP publication, revealed that the most registered varieties were (by rank): horticultural plants (fruits and vegetables); ornamental plants (flowers); and food crops. Apart from PVP grants, the CPVP office has processed registrations from farmers, local government institutions and corporations. As of June 2010, the total number of local varieties registered amounted to 217, which included 29 varieties of oryza sativa, three varieties of zea mays, ten varieties of coconut, 32 varieties of Dorian fruit, 14 varieties of oranges, two varieties of cacao, four varieties of cloves, seven varieties of mango, three varieties of nutmeg, three varieties of soybean and four varieties of orchids.

22 In 2008, the author interviewed some breeders of a company specializing in horticulture seed production, research and development in East Java. A red chilli indicated that many of the breeders had concerns how to enforce their PVP rights.

23 The only professions authorized to assist breeders in applying for PVP rights are patent attorneys or patent agents.
Following the enactment of the PVP in 2000, the Government also released related administrative regulations.24

The dynamics of the Indonesian Plant Variety Protection system

Indonesia’s agricultural plant resources and potential: a brief historical perspective

The history of the Indonesian archipelago’s agricultural system can be traced back to the period before European colonization. Local historians and archeologists referred to this period as the Classical Era (‘Nusantara’ era). The staple foods of the archipelago kingdoms (Tarumanagara, Old Mataram, Srivijaya, and Majapahit) were rice (padi in the Bahasa language), sweetener (gula, derived from honey, palms, or tropical fruits), and coconuts (kelapa). The farming and agricultural practices of the Indonesian people can be seen in wall carvings of Buddhist and Hindu temples in Central and Eastern Java.25

During the ‘European Age of Discovery’, the archipelago’s most popular plant species were cloves (cengkeh) and nutmeg (myristica fragrance) from Molluca (Maluku).26 It is worth noting that ‘In medieval Europe, cloves and nutmeg were literally worth their weight in gold’.27 Those spices were believed to be useful not only for the preservation of meat, but for use in medicines that could treat ailments ranging from the plague to lover’s anguish.28 Many references mention that these species were already popular long before the arrival of Europeans.29 During the early period of the Han Dynasty (206 BC-200 AD), cloves from the Spice Islands called xiang ding (fragrant nails) were used by officers of the court as oral fragrances before meeting the emperor. The price of a kilogramme of dried cloves is now less than $US10.

In a Roman Empire law digest from AD 176, it is noted that the people of Rome bought Maluku cloves from Alexandrian merchants.30 They used them as scents in the temples or at funerals, as well as for cooking. In the tales of Sinbad (AD 1001), cloves are also mentioned.31 Nowadays, cengkeh, one of the common ingredients used in kretek cigarettes, is regularly cooked with nutmeg in one of Indonesia’s culinary dishes. Kitchen spices (bumbu dapur) are used to prepare soups, barbecues and cakes.

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27 Ibid., Muller, page 26.

28 Ibid., page 26.

29 Ibid., Muller, Burger.

30 Ibid., Muller, page 27.

31 Ibid., Muller, page 27.
In the sixteenth and seventeenth centuries, the Portuguese and Spaniards introduced a number of crops to the archipelago. These included maize (corn), cassava, sweet potatoes, tobacco, red peppers, and a host of other fruits and vegetables.\textsuperscript{32}

Through its trading company, the Netherlands colonized the Indonesian archipelago in the sixteenth century. In the nineteenth century, the colonial government established a plantation economy and introduced other plant species, such as tea, coffee, rubber, sugar cane, pine trees, and cinchona.\textsuperscript{33} The plantation system was basically a scheme of economic exploitation in the ‘Dutch East Indies’. Whether working in their own fields or for European land owners, the colonial government mandated them to plant agricultural commodities that would be most valuable on the European market.\textsuperscript{34} This economy enriched the colonial government, native landlords and the colonial state itself. The historical record also shows that the techniques of modern plant breeding were already being used in Indonesia during the nineteenth century.

Karl Pelzer noted that Goodyear, the American tyre company, leased hectares of land in Bogor and West Java to plant the rubber it needed for its tyre production.\textsuperscript{35} The rubber tree research center from those days is now owned by the Government.\textsuperscript{36} The ‘Puncak’ Highlands (Cianjur) and Cipanas in West Java are the plantation centres for tea and ornamental plants (especially flowers such as chrysanthemums, sunflowers, roses, and tulips) developed by the Dutch colonial government before Indonesian independence in 1945.\textsuperscript{37}

After independence, the Indonesian Government often touted the potential of Indonesian plant and genetic resources to the Indonesian people and foreign governments. During the rule of President Soekarno (1945-1965), his administration endorsed the concept of independence and the empowerment of rural communities in order to build the Indonesian economy through agricultural development. Though political turmoil led to price increases that precipitated a food crisis in 1965, Indonesia’s agricultural production soon recovered.\textsuperscript{38}

Between 1967 and 1998, the Soeharto administration also endorsed agricultural development efforts. During the ‘golden’ era of rapid economic growth following the oil boom between 1970 and 1984, the Soeharto administration introduced the so-called ‘Indonesian Green Revolution’. Its purpose was to stimulate investment in innovative seeds, fertilizers and agricultural pesticides for Indonesian agriculture. This policy adopted an intensification strategy in the production of food crops. Even

\textsuperscript{32} Pelzer, page 129.
\textsuperscript{33} Pelzer, page 129. The coffee bush, brought to West Java by the Dutch in the 17th century, spread from there to other parts of archipelago. Tea, cinchona, rubber, oil palm, sisal, abaca, and other less important economic plants reached the country in the nineteenth and twentieth centuries, during the heyday of Indonesian agriculture.
\textsuperscript{35} Pelzer, page 129, footnote 1.
\textsuperscript{36} Author of PBR Research Report 2009.
\textsuperscript{37} Author of Research Report 2009, interview with Government breeders of ornamental plants, Cipanas, West Java.
though the policy was criticized by agricultural NGOs and academics, on the basis that it would have a negative impact on peasant farmers and the environment, by 1985 Soeharto’s policy brought about Indonesia’s self-sufficiency in rice production.\textsuperscript{39}

According to many experts, the Government’s agricultural development policy faces some challenges in the post-Soeharto era. The first challenge is that Indonesia has to import certain staple foods, such as rice, soybeans, and other essential food crops to supply national food demand. The second major challenge is the decrease in land available for farming, and other trends that could reduce participation in farming activities.\textsuperscript{40}

The Indonesian Government plans to increase the production of food crops through intensification, the use of new and innovative seeds to increase production, and the mitigation of risks associated with farming. The State also intends to provide incentives to the agricultural industry and to promote research and the identification of local seed varieties. In an era of increasing competition in international trade and environmental challenges, such as climate change, these strategic options are important for addressing future hurdles to Indonesia’s food security.

\textit{The policy issues}

The PVP is the subject of dynamic discussions in Indonesia. The system has strong proponents and opponents. The proponents argue that this law has been successful in attaining its policy objectives. It has provided incentives for breeders and the national seed industry to invest in research and development of improved seed varieties.

Proponents also point out that following the enactment of the PVP, some national private agricultural companies (as well as breeders in university and government research centres) became more confident to invest in the research and development of new plant varieties (especially in horticulture). They note that after 2000, an increasing number of large seed industry companies from developed countries have eagerly invested their research and development efforts in Indonesia.

However, the proponents’ arguments have not yet been supported by a comprehensive academic study on the economics of PBR/PVP.\textsuperscript{41} The Government, academics in Indonesia and international organizations competent in PVP system development could accelerate the production of studies on the micro and macroeconomic impact of developing countries’ PVP systems on agriculture.

The proposed studies could address two issues. The first would be the impact of the enactment of the PVP on national agricultural development and and on individuals sectors, such as the national seed industry. The second issue would be the impact of the PVP on local farmers and peasants, since they are the consumers of improved seeds protected by PVP.\textsuperscript{42} Such studies are very important and should be further engaged by academics and policymakers.

\textsuperscript{39} Hal Hill, page 132.
\textsuperscript{40} In Indonesia, the increase in the urbanization or emigration of the young (18-30 year olds) from rural-agricultural settings pursuing industrial labour is significant.
\textsuperscript{41} These kinds of studies, e.g. the economic impact of the PVP system in some developed and developing countries, are already being reported by UPOV in its publications. However, at the time of writing, the author was unable to find a comprehensive research report on the economics of the PVP system in Indonesia.
\textsuperscript{42} In interviews with farmers in West Java, they expressed the need for inexpensive high quality seeds that would give them better yields (harvest), whether or not they were protected by PBR.
These studies could use the economic analysis of patent systems as proposed by Landes and Posner.\textsuperscript{43} For example, future research on PBR could investigate the economic rationales of such a regime in Indonesia.\textsuperscript{44} In particular, it could assess to what extent the PVP is influencing the structure of the seed market in Indonesia.

Opponents of the PBR argue that the system reduces the Government’s power to control the utilization of new seeds and plant varieties. Further, it impedes the Government’s ability to provide local farmers with inexpensive seeds of good quality (especially food crops). Critics usually focus on questioning the constitutional basis of the PVP. Under Article 33 of the Indonesian Constitution, the State controls natural resources, including plant genetic resources in the country.\textsuperscript{45} The opponents of the PVP argue that when breeders assert their rights to a new plant variety released into the national genetic pool, this could reduce the State’s control over the nation’s resources, as mandated by the constitution.

It could be argued that the PVP still falls under Article 33 of the Constitution. The PBR law is being implemented side by side with other laws and regulations concerning the release of new plant varieties. Under these laws, any new plant variety shall be screened and examined by government authorities before being released into the environment or the market. Such screening will be conducted on all new varieties regardless of whether or not they are protected by the PVP. Thus, the State’s power to control plant genetic resources in Indonesia remains.

Support for the constitutionality of the PBR Law can also be found in Article 31.5 of the Indonesian Constitution which mandates the Government to nurture, promote and develop science and technology. Arguably, this article could cover the need to improve and develop new plant varieties created through modern breeding techniques.

\textit{The need for greater clarity with respect to the boundaries of the farmers’ privileges}

During research conducted in 2008, the author interviewed rice farmers and breeders working at both government and private corporations.\textsuperscript{46} Three of the farmers were from West Java. The interview discussed the farmers’ practices with respect to the management of seed stocks for the production of rice grain (\textit{padi/gabah}). Rice farmers in Bekasi and Karawang, in the northern regions of West Java, grew the IR64 and Ciherang varieties. These are the most popular varieties of rice that had been introduced by the Government and used by farmers in Indonesia.

It was notable that many of the farmers preferred non-hybrid seeds, in addition to the two varieties that had been introduced more than five years before (IR 64 in 1986 from the International Rice Research Institute/IRRI, and Ciherang in 2000). When questioned about the PVP, some farmers

\begin{footnotesize}
\begin{itemize}
\item Ibid. Landes and Posner have articulated a theory regarding the economic rationale that should be considered by lawyers and policymakers in the context of the patent system. In this article I argue that the Government and lawyers could pursue this kind of approach in assessing the economic rationale of the PVP system and its impact on the national economy as well as on farmers in Indonesia.
\item Indonesian Constitution, Article 33.3: ‘The land and the waters as well as the natural riches therein are to be controlled by the state to be exploited to the greatest benefit of the people.’
\item Some of them were employed by the Ministry of Agriculture to use the \textit{oryza} variety that is still being field-tested by government breeders.
\end{itemize}
\end{footnotesize}
demonstrated a special interest in the concept, as well as the desire to become breeders eligible for PBR rights, if they could develop the capacity.

The farmers also expressed concern about the possibility of being sued by the owners of varieties if they ‘improperly’ (under the law) used or sold the PVP-protected seeds. Some farmers admitted that there were a lot of circumstances where some of them buy prime seeds after producing a bad yield in a given season. They then exchange the resultant yield as seeds in exchange for fertilizer from other farmers. They also frequently reserve some of the yield for the next planting season, although they acknowledge that this often fails to produce better yields.

The enforcers of the PVP, especially the courts, should carefully elaborate on the analytical framework for identifying the spectrum of actions that amount to infringement under the PVP. Even though the law provides for ‘farmer’s privilege’ and excludes the use of PVP-protected seeds for subsistence farming, greater clarity is needed. More detailed information should be widely disseminated to breeders, corporations and farmers that use the PVP system.

The social issues: the culture of sharing and perceptions of rewards

In Indonesian culture, there is a social concept called ‘gotong royong’. This term describes the ‘moral obligation’ of each individual to help their neighbor in activities, such as farming, clearing farmland, and providing pesticides and fertilizers. ‘Gotong royong’ is still a common practice in Indonesia.

A senior government researcher working on an improved rice variety in Sukamandi, West Java, stated that he was not working for material rewards. He was motivated by the satisfaction of knowing that the varieties he helped develop would give smaller and poorer farmers better harvests. It was his belief that this satisfaction would bless him with ‘pahala’, a spiritual reward from God in Islam. The researcher believed that such community service was his moral duty.

Horticultural breeders (of the kenaf variety) working in the Government institution in East Java expressed the same outlook. Lawyers could argue that such motives and perceptions are outdated compared with the modern reward system of intellectual property. However, such non-material motivations are still very common in the Indonesian agricultural community. Many lawyers and intellectual property policymakers from developed countries often question why the social acceptance of intellectual property in developing countries has been slow to increase. The answer could be traced back to the aforementioned ‘perception of rewards’ for engaging in plant breeding.

Summary and recommendations

Summary of key points

Though Indonesia has never been a member of UPOV, it has created a similar sui generis regime for the protection of new plant varieties resulting from modern breeding techniques. The PVP Law (Act No. 29/2000) was enacted in the context of agricultural economists’ concerns that Indonesia

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needed to satisfy the increasing national demand for food crops, utilize its vast plant genetic resources, and embrace international competition in seed commerce.

The enactment of the PVP was supported by national breeders working in government research and development institutions and private sector breeding companies. The passing of the legislation was also influenced by Indonesia’s membership in the World Trade Organization (1994).

Indonesia’s PBR law is unique because it regulates the registration of protected local varieties for the purpose of promoting and enhancing national data collection on plant genetic resources.

The Indonesian PBR legal regime of 2000 introduced many key legal rights and provisions including farmers’ privileges, breeders’ exemptions, compulsory licences, PBR mediation, capacity building for the resolution of PBR disputes, and the registration of local varieties and PBR licence agreements.

The application of the PBR laws also depend on other agricultural developments, especially in the national seed system. In Indonesia, the relevant legal instruments are Law No. 12/1992 regarding the National Plantation System, and Government Regulation No. 44 /1995.

It should be acknowledged that PBRs provide incentives for breeders, as well as driving greater public participation in the development and enhancement of national seed supplies.

**Recommendations**

The implementation of the PBR law in Indonesia will give rise to conflicting interests that need to be reconciled. On the one hand, the farmers need affordable seeds. On the other, the seed companies, especially those producing improved varieties, want to recover their investments in research and development. The Government should find a balanced approach that provides incentives for breeders, while facilitating access to high quality seeds for farmers (especially poor farmers). This would increase the welfare of farmers and secure the country's food security.

If the Indonesian Government is to promote a system that values both breeders and farmers, it should focus on reforming the laws relating to the plantation system and procedures governing the introduction of new plant varieties into the environment. It should also make these systems more efficient and accountable.

In the future, Indonesia (and other developing countries) should focus on developing dispute settlement mechanisms in the field of PBR. Further, the judicial institutions should also develop and elaborate on the associated frameworks for determining infringement, the farmers’ privilege, and breeders’ exemption mechanisms.

Countries should also establish clear and comprehensive regulations and legal frameworks detailing the term of PVP/PBR rights protection, local variety conservation (especially harmonizing the PBR Law with national law on the sustainable utilization and the conservation of genetic resources), PBR licence, compulsory licences, and assignment mechanisms.
Governments adopting PVP laws should disseminate information regarding the importance of PBR laws in promoting the welfare of farmers, the national seed industry and the economy. This would be especially crucial for cases of developing countries.
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GEOGRAPHICAL INDICATIONS IN MACEDONIAN LAW

Dr. Goce Naumovski

ABSTRACT

This paper analyses the main aspects of Macedonia's legislation on geographical indications (GIs) in the context of the country's accession to the European Union (EU). The provisions of the following laws are analysed: Law on Industrial Property; Law on Quality of Agricultural Products; and the Law on Wine. Several aspects are outlined including concepts, terminology and procedures for protection. Comparisons between individual, collective and certificate trademarks are also highlighted. The economic value that GIs create for consumers in Macedonia is discussed alongside State measures for the promotion of GIs, especially in the food and wine industries.

Introduction

Beyond their legal meaning as a special category of industrial property rights, geographical indications (GIs) also have a significant economic significance. The purpose of GIs is to alert the consumer that particular products have special characteristics. The characteristics of these products are necessarily the results of natural conditions and traditional knowledge of a certain geographical region. This makes GIs a guarantee for a certain level of quality for which products of the region are known.

The transitional economies of South-Eastern Europe, including Macedonia, have strong vested interests in GIs. Macedonia has an abundance of unique products which may become competitive in domestic and foreign markets through GI protection.

Since Macedonia is an aspiring candidate for EU membership, the main framework for the protection of GIs is determined according to the standards set out in EU legislation. For this reason, a short review of the GIs in the European Union is also presented.

Geographical indications in EU legislation

The following regulations are the most relevant to GIs in the European Union. Regulation 1576/89 covers the general rules on the definition, description and presentation of spirit drinks. Regulation 2392/89 provides similar coverage, but for wines and grape musts. The protection of GIs and designations of origin for agricultural products and foodstuffs are provided for by Regulation 2081/92, while agricultural products and foodstuffs are covered by Regulation 510/2006.1 These

regulations represent the entire scope of protection and relevant procedures with respect to GI protection in the European Union.

The last of the aforementioned regulations covers two groups of products, namely, agricultural products and foodstuffs (Table 1).\(^2\) The case-law of the European Court of Justice (ECJ) is also significant, especially with regard to cases involving the following products: Prosciutto di Parma\(^3\), Gorgonzola\(^4\), Feta Cheese\(^5\), Tokaj/Tocai\(^6\), Parmigiano\(^7\), Budweiser\(^8\) and others. These cases have strengthened and clarified the concept of GIs in the European Union.

\(\text{Table 1: Products Covered by Regulation 510/2006}\)

<table>
<thead>
<tr>
<th>Type of products</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural products</td>
<td>Foodstuffs</td>
</tr>
<tr>
<td>Hay</td>
<td>Beer</td>
</tr>
<tr>
<td>Essential oils</td>
<td>Beverages from plant extracts</td>
</tr>
<tr>
<td>Cork</td>
<td>Bread, pastry, cakes, confectionery and other baker's wares</td>
</tr>
<tr>
<td>'Cochineal' (raw product of animal origin)</td>
<td>Mustard paste</td>
</tr>
<tr>
<td>Flowers and ornamental plants</td>
<td>Pasta</td>
</tr>
<tr>
<td>Wool</td>
<td></td>
</tr>
<tr>
<td>Wicker</td>
<td></td>
</tr>
<tr>
<td>Scutched flex</td>
<td></td>
</tr>
</tbody>
</table>


\(^4\) European Court reports 1999, page I-01301, Case C-87/97.


\(^7\) Official Journal of the European Communities, C 191/4, 10 August 2002.

\(^8\) Official Journal of the European Union, C 7/6, 10 January 2004.
GEOGRAPHICAL INDICATIONS IN MACEDONIAN LAW

Chart 1
Applications for Registration under Regulation 510/2006 by Country until 31 August 2008
Source: EU Commission

The European legal framework for GIs has been built through the widespread use of GIs in the region. This is particularly so for countries with the highest levels of registered GIs and indications of origin (Chart 1). The economic effect in Italy, Spain and France is most visible in terms of their widespread use of GIs. For example, in 2003, 85 per cent of the wines exported from France were formally registered as GIs. Such products support the livelihoods of some 138,000 farmers in France and more than 300,000 employees in Italy.  

The latest group of new EU members have also started using the registration system in accordance with Regulation 510/2006. Bulgarian Yogurt and Han Krum Traminer wine have already been registered as GIs in the European Union. In terms of the distribution of GIs by product, it is noticeable that the largest number falls under the Protected Designation of Origin (PDO) for cheese and olive oil (Chart 2).

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Provisions for 'Geographical Names' (Appellations of Origin and Geographical Indications) in Macedonian legislation

Currently, Macedonian legislation uses the term 'geographical names', which encompasses appellations of origin and GIs. The function of 'geographical names' is to protect the products produced by natural or legal persons in certain regions. In the Industrial Property Law of 1993\textsuperscript{12}, the Macedonian legislation stipulated that the 'appellation of origin' classification constituted a higher level of protection. In the Industrial Property Law of 2002\textsuperscript{13}, GIs were added. They were accorded a 'lower' level of protection. The adoption of the term was influenced by the legal terminology of the European Union. The Law on Industrial Property (IPL) from 2009\textsuperscript{14}, reaffirmed this terminology.

Conditions for protection of 'Geographical Names'

In the Macedonian market, a broad range of products from certain countries, regions or places may be designated with 'geographical names'. They may be natural products (marble, granite, jewels), agricultural (grapes, coffee, beans, lentils, olives, rice, fresh meat); industrial (wine, beer, cheese,
meat products); products of artisanship (water jugs, baking dishes); handicrafts (embroideries, lace), etc.

In accordance with Article 223 of the Law on Industrial Property, 2009\textsuperscript{15}, an appellation of origin or a GI may not be used to protect a 'geographical name' that has become generic through long-term use, or that is commonly known for designating a certain type of product (e.g. fayance, ceramic, Persian carpet).

The IPL lists other categories of products that may not be registered as 'geographical names'. The first includes names of places that may lead to confusion about the product's origin, quality, its manner of production, or other qualities. Other categories of names that are precluded from registration include those that are similar to those of plants or animals, those that are identical to pre-existing trademarks, and those that generally pose a risk of consumer confusion (Article 189).

**Appellations of Origin**

Pursuant to the IPL, 2009, a product marked with an appellation of origin needs to fulfil several conditions. First, it must originate from a particular region. Second, the quality and characteristics of the product must result exclusively or predominantly from the geographical area. This includes human factors, such as production, processing, preparation methods and techniques that are unique to a particular geographical area. In such cases, the raw materials may come from another area, but only if the region in which the raw materials are produced is well defined, and special production conditions are applied. Hence, with appellations of origin, in addition to having specific geographical roots, the traditional manner of production and other human factors must also be central to the final quality and special characteristics of the product.

**Geographical Indications**

GIs have a lower threshold for protection than appellations of origin. A product may be marked as a GI only if the quality, reputation or other characteristics may be ascribed to the geographical origin, or if the production and/or the processing and/or the preparation take place in a specific geographical area. Therefore, geographical names that do not fulfil the conditions for an appellation of origin may be registered as GIs.

**Procedures for the protection of appellations of origin and geographical indications under the IPL**

According to Article 239 of the IPL, the procedure for protecting appellations of origin and GIs begins with the submission of an application. This may be made by natural or legal persons that are Macedonian or foreign nationals. Applicants may be individual producers, or associations of producers, State bodies, local self-governing entities, chambers of commerce, or other collective entities.

The contents of the application are precisely defined. In the case of appellations of origin, the application must be completed on a prescribed form in addition to an elaboration\textsuperscript{16} prepared by an

\textsuperscript{15} Law on Industrial Property, Official Gazette of RM, No. 21/2009.

\textsuperscript{16} The elaboration contains the geographical name; the history of production; data on the geographic area; professional description of the procedure for production; special characteristics and quality of the product; volume of annual production and product controls (by whom and how often). The content of the elaboration is prescribed by a Rulebook on Appellations of Origin and Geographical Indications, enacted by the Macedonian
authorized institution. With GIs, an applicant would need to complete a prescribed form. The process of acquiring appellations of origin and GIs is completed when a decision is passed by the national IP office, and the name is listed in the registry (IPL, Article 245). The application for the right to use the name must contain an appropriate elaboration for the product (IPL, Articles 240 and 241). The registration lasts for five years from when the decision is passed. It may be extended for an unlimited number of times, provided that all the prerequisites are met (IPL, Article 246).

Geographical names are different from other intellectual property rights in two key ways. First, unlike patents for example, the protection provided by geographical names is of unlimited duration. Second, the right is collective, meaning that it may be used by all producers in the particular region who fulfil the conditions for marking their products with the respective geographic name.

The beneficiary of the appellation of origin or the GI has the right to use it for marking the protected product, its packaging, as well as its business and marketing materials (IPL, Article 257). The right to use the geographical name may not be transferred, mortgaged or be subject to any deviations from its conditions (IPL, Article 258). The beneficiary may ask for an injunction against unauthorized use; use of the name by a product from another region; use that is harmful for the reputation of the name or similar abuses; and misinformation that leads to confusion regarding the origins of a product (IPL, Article 259). The right to use the geographical name may be revoked if the conditions upon which the registration was made have ceased to exist (IPL, Article 262).

### Geographical Indications and Appellations of Origin for agricultural products

As of 21 October 2010, a new Law on Quality of Agricultural Products (LQAP) was enacted to encourage the national and international registration of GIs and appellations of origin relating to agricultural products. This law was driven by the significance of these products to the Macedonian economy. As influenced by EU legislation, a 'guaranteed traditional specialty' could also be registered for agricultural or food products with distinctive, well-known characteristics.

LQAP contains detailed provisions on the procedures for registration before the competent State organ (Ministry of Agriculture) and the registers (IPL, Articles 147-150) as well as the contents of the appropriate Elaboration and Specification of the product (Articles 145, 146, and 152) etc. According to LQAP, the provision on an EU-level registration will be in force on the day of Macedonia's accession to the body (Articles 159, 160, and 178).

In order to bolster the potential economic benefits from agricultural products marked with geographical names, the Republic of Macedonia also provides financial assistance for Small and Medium-sized Enterprises (SMEs) and the business community in general. For instance, in 2010 a portion of the €100,000,000 provided for financial support to the agriculture sector was aimed at the introduction of security and quality standards. This included compensation for the costs of producing products marked with geographical names as well as financial support based on either the


quantity of the products sold, or the Elaboration approved alongside the registration of the geographical name.\footnote{18}

**Geographical Indications in the Macedonian wine industry**

A relevant source regarding the geographical indication of wines in the Republic of Macedonia is the *Law on Wine*\footnote{19}, or more precisely the provisions in Chapter V (Wines Marked with Geographical Indications), Articles 41, 42 and 43. Pursuant to these articles, the classification of wines in Macedonia entails regional wines, wines with controlled origin, and wines with controlled and guaranteed origin.

**The relationship between 'Geographical Names' and trademarks**

The similarities between geographical names and trademarks are evident through their economic functions. The function of the trademark is to distinguish the products or services of one entity from those of competitors. Similarly, geographical names also distinguish certain products by associating their characteristics with their unique origins. Also, as with trademarks, GIs produce value, as consumers may be ready to pay a higher price for a product because of its association with a particular geographical location.\footnote{20}

However, unlike trademarks, which are tied to individual producers, geographical names are subject to communal ownership. Further, while trademarks are creations of the producer, as a toponym, the geographical name is a pre-existing category.

However, there are fundamental differences between collective and certification marks on one hand, and geographical names on the other. In contrast to geographical names, which are available to all producers who meet the legally prescribed conditions, the right to use a collective or certification mark derives from the joint contractual document signed by the producers.

In Macedonia, the LQAP provides that an application for a trademark will be refused if it is similar to that for a geographical name. An existing registered trademark can be used if it was registered before a geographical name application was submitted. Table 2\footnote{21} highlights the differences and similarities between trademarks and geographical names. This comparative analysis is also applicable to the Macedonian context.

Table 2
Differences Between Trademarks and Appellation of Origin or Geographical Indications
(Source: Sylvander)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Trademark</th>
<th>Appellation of origin/Geographical indication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distinctive sign</td>
<td>Creation: fancy/new name. TM is distinctive</td>
<td>Determined by the pre-existing geographical and human know-how</td>
</tr>
<tr>
<td>Quality</td>
<td>No necessary link to quality, unless search of reputation</td>
<td>Identifier guaranteed by the State, quality linked with origin</td>
</tr>
<tr>
<td>Ownership</td>
<td>Owner (individual or collective in the CTM case) Transfer is possible (within certain limits for CTM)</td>
<td>Public ownership Inalienable Cannot become generic</td>
</tr>
<tr>
<td>Registration</td>
<td>First in time, first in rights (<em>Qui prior est tempore potior est iure</em>)</td>
<td>Procedures, claims, oppositions, register</td>
</tr>
<tr>
<td>Use</td>
<td>Mostly private (unless collective TM and Certification TM)</td>
<td>Mostly collective</td>
</tr>
<tr>
<td>Conditions of use</td>
<td>Free, but not deceptive Rules for CTM and collective TM Closed (TM and collective TM) Open (CTM)</td>
<td>Comply with the conditions stated in the Codes of Practice</td>
</tr>
<tr>
<td>Duration of use</td>
<td>Limited in time (10 to 20 years) Must be renewed</td>
<td>Permanent</td>
</tr>
<tr>
<td>Protection</td>
<td>Private Passing off (the plaintiff has the burden of proof)</td>
<td>Public Ex officio protection</td>
</tr>
</tbody>
</table>

Potential conflicts may arise in cases where registered trademarks are similar to geographical names that have yet to be formally registered. This could lead to consumer confusion. There is an ongoing discussion in the European Union about the possibility of granting trademark holders the right to prevent the registration of geographical names that could lead to consumer confusion.\textsuperscript{22}

Conclusion

Based on the views presented regarding geographical names, it may be concluded that their strategic role in Macedonia has several dimensions. First, appellations of origin and GIs enable the

\textsuperscript{22} M. Blakeney, 'Controversial Aspects of Geographical Indications, Queen Mary Intellectual Property Research Institute, (2006).
differentiation of the products on the market. Practically, this lends the geographical name a degree of 'extraterritoriality' in that it allows the promotion of products on markets beyond the national borders. This is an advantage over other forms of intellectual property.

Second, from an economic standpoint, the geographical name creates value because consumers are prepared to pay a higher price due to the qualities resulting from the connection between the product and a particular geographical area. Third, geographical names contribute to the preservation of biodiversity, local skills, and natural resources. They also have a positive impact on tourism.

It should be noted that geographical names play a significant role in the Macedonian economy, especially in the food and wine industries. Hence, alongside other economic measures, it is necessary to stimulate and secure the protection of GIs. Educating organizations and business communities will be important for creating awareness of this issue, and will assist the acquisition and dissemination of knowledge to individual producers.
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LEGAL POLICY ISSUES IN THE MALAYSIAN BIOTECHNOLOGY INDUSTRY

*Dr. Nor Ashikin Mohamed Yusof

ABSTRACT

The Malaysian biotechnology (biotech) industry is littered with many small companies with different profiles. The country and its local enterprises face significant challenges in their quest to build and develop the local biotech industry. Furthermore, there are several unresolved legal policy issues with respect to the interpretation of the patentability requirements for biotechnological inventions. This paper looks at the concept, definition and standard of novelty for biotechnology inventions in light of the developing legal policy on biotech in Malaysia. The understanding of this and other legal, financing and policy challenges faced by local biotechnologists is important. It would assist Malaysia in formulating initiatives that encourage local technological advancement and the protection of domestic economic interests, while remaining competitive and attractive to foreign investment.

Introduction

In order to achieve its Vision 2020, Malaysia has identified biotechnology (biotech), as a key driver for economic growth. Malaysia has the right ingredients for developing a competitive domestic and international biotech industry. The country is rich in biodiversity, has a sound financial system, and enjoys a strong governmental commitment to research and development (R&D). The future looks even brighter. Shortly after its accession to the World Trade Organization (WTO) in 1998, the Government amended its Patent Act (1983) to conform with the requirements of the TRIPS Agreement.

Article 27 of the TRIPS Agreement only stipulates certain minimum standards for intellectual property protection that all Members must satisfy. Therefore, as a matter of policy, Malaysia could, for example, enact stronger patent laws, such as broadening the scope of patentable subject matter. The resulting financial rewards for innovators and the country would provide incentives for the generation of new interest for R&D activities.

* Dr. Nor Ashikin Mohamed Yusof (Malaysia) is currently the Deputy Dean at UTM Perdana School of Science Technology and Innovation Policy. She holds a PhD in Law from the University of Nottingham in the United Kingdom, where she specialized in intellectual property. Her theses at both Master and PhD levels revolved around biotechnology, patents law and the intellectual property regimes of developing countries. Dr. Nor Mohamed Yusof is also venturing into Islamic intellectual property law, a largely unexplored field. She is also heading several research projects on intellectual property in areas, such as intellectual property strategy for SMEs in biotech, early education of intellectual property, and Islamic trademark law. She is also providing consultancy and research work for various parties, such as the Ministry of Higher Education (Malaysia).

1 Once a biotechnological invention satisfies the novelty and the other two patentability requirements, he would be rewarded with patent protection for his incentive in research and innovation. The reward incentive makes research and innovation activities very rewarding. It thus encourages further innovation, while attracting new players to join in the research community.

2 First announced by Dr. Mahathir, Malaysia's fourth Prime Minister (1990).

3 Ahmad Badawi, Malaysia's fifth Prime Minister, during the launch of the Malaysian National Biotech Policy (2005).

4 Dato' Sri Mohd Najib, Malaysia's sixth Prime Minister during the Mid-Term Review of the Ninth Malaysian Plan (2009).
Usually investors are only keen to invest in foreign countries if their economic interests and rights are adequately protected. In light of this, Malaysia could also provide a more enhanced patent system, which provides adequate safeguards for investors.

Further, lowering patentability requirements would also enable the Government to grant utility model protection to inventions which otherwise would not qualify for patent protection. Presumably this would make it easier for new, small or inexperienced local biotech companies to satisfy the novelty requirement for protection. Such an approach would advance the goal of intellectual property law in encouraging R&D activities that facilitate the creation of new technologies. Malaysia faces tough challenges in providing a balanced patent law. A strong patent regime would promote technological progression, and consequently infrastructural development. However, there is often a conflict between this outcome and the governmental obligation to address the needs of socio-economic issues, such as public health, nutrition and general well-being.

Dealing with these matters is not easy. Though the legal infrastructure to support the local biotech industry is available, that alone is not enough. Malaysia still faces other problems, including insufficiencies in skilled workers, physical and technological infrastructure, as well as other special requirements for the unique needs of the industry. Moreover, any adverse legal or policy decision by the Government would have a collective impact on the nation’s aspirations of becoming a biotech producer. For example, the decision to exclude a perfectly eligible biotech invention from patent protection on morality or *ordre public* grounds can be discouraging to the technology producing community.

Further, if Malaysia heightens the patentability standard, as preferred by the developed nations, this would make it too difficult for local biotechnologists to obtain patents. Technologically, local biotechnologists are not on par with their foreign counterparts. Heightened protection standards would defeat the original purpose of encouraging local participation in the development of the biotechnology industry. In order to stay competitive and fulfil national aspirations, Malaysia must continuously improve its domestic system to overcome any shortcomings.

**Patentability and TRIPS: biotech law and policy**

Article 27 of TRIPS does not specifically mention the term 'biotech invention'. Nonetheless, the term 'in all fields of technology' is sufficiently inclusive to cover biotech inventions. Unlike in the past, all WTO Members must now provide for the legal protection of biotech inventions.

Patent protection for biotech inventions is valid for 20 years. The limited monopoly right acts provide a financial incentive for innovation. Biotechnologists can protect, commercialize and profit from their inventions. The potential to recoup and attain returns in excess of the initial investment is

5 In Malaysia, the term 'utility model' refers specifically to petty patents as they are known in other jurisdictions. These are granted to innovations with a lesser inventive step than those required for patent protection.

6 As a multiracial Muslim country, it is foreseeable that the patent office or court of Malaysia would potentially reject applications for the patenting of a biotechnological invention, for instance those containing DNA of swine.

7 In the past, countries have had absolute liberty not to grant patent protection to biotechnological inventions or if agreeable, to grant a limited protection to the biotechnological invention, through process patents. This is despite the patentability of the subject matter or eligibility for protection through both process and product patents.
LEGAL POLICY ISSUES IN THE MALAYSIAN BIOTECHNOLOGY INDUSTRY

essential. This is especially so in cases where R&D expenses are significant and where government funding is unavailable or scarce. These initial expenditures are required in order to satisfy the stringent experimental requirements and regulations set by government agencies to ensure that biotech products are safe and suitable for consumers.

Owing to the nature of biotechnological inventions, they stand a relatively greater chance of obtaining process and product patents than other inventions. A biotech invention is patentable if it is novel, has an industrial application, and is non-obvious. The standardized patentability requirements are applicable in every Member country of the WTO. The universally applicable standards of the TRIPS Agreement assist biotechnologists in predicting the potential success rate of patenting their inventions in every jurisdiction, where the TRIPS Agreement applies. For example, based on an application in one jurisdiction, the rights holder is better equipped to anticipate the problems he may encounter in another jurisdiction. Such harmonized patentability requirements at an international level are useful and reassuring to the biotech community. They help to reduce costs and save time.

Malaysia as a biotech producer

Biotech law is relatively new to Malaysia. Nevertheless, if Malaysia fully capitalizes on the provisions of Article 27 of the TRIPS Agreement, the country could finally become a significant player in the field. In spite of their diverse backgrounds, Members of the WTO pledged their support for the transfer of technology from developed to developing markets, as well as the promotion of trade and economic development in all Member States.

Malaysia is one of the guardians of the world's largest forests and natural heritage. It has a potentially limitless source of genetic materials that may be extracted from its rich flora and fauna. These are the raw materials that are commonly used in biotechnological inventions. As a source country, Malaysia's free and direct access to these raw materials gives it an advantage over its more developed counterparts. This advantage facilitates cost savings, especially those relating to importation. Malaysia could also export genetic materials and finished products. There is also a possibility for licensing the technology internationally. This would generate new sources of income for the country.

Recent governmental policies demonstrate a clear shift in this direction. Malaysia's intention to become a regional biotech industry hub was first announced in 2005. The plan revealed the

8 Article 27 of the TRIPS Agreement requires that every Member country grant patent protection to inventions in all fields of technology, for both processes and products. Since biotechnological inventions are usually both, they stand a better chance of obtaining both types of protection than inventions in other fields of technology.
9 Article 27 of the TRIPS Agreement.
10 Depending on jurisdictions, the 'industrial applicability' criterion is interchangeably used with 'useful'. For example countries subscribing to the European Patent Convention use the term 'industrial applicability' whereas the US patent law uses the term 'useful'.
11 The term is interchangeably used with 'inventive step'. See the footnote to Article 27 of the TRIPS Agreement or domestic patent laws worldwide.
12 Article 7 of the TRIPS Agreement.
13 As announced in the National Biotechnology Policy 2005.
Government's intention to eventually shift the country's economic base from agriculture and manufacturing to a knowledge and innovation-based economy.\textsuperscript{14}

Under the Ninth Malaysian Plan (2006-2010), the Government allocated an annual budget of nearly $1 billion for the biotech industry. The industry received the most attention and the largest financial allocation compared to other industries. Accordingly, $400 million was used for business development, followed by $350 million for research and development. The balance was used for biotech infrastructure. These efforts should make Malaysia an attractive hub for the biotech industry. The Government envisaged that the biotech field would be the next engine for Malaysia's economic growth, accelerating the nation's goal of transforming itself into a highly industrialized nation by the year 2020.

**Characteristics of biotech inventions**

Compared with other inventions, biotech has unique characteristics that differentiate it from other fields of technology. It also has limitless potential and can be used in a wide array of areas and industries, ranging from food to cosmetic products and processes. This versatility provides for promising and lucrative business ventures. Understanding these characteristics is useful for any party or country interested in venturing into biotechnology industry.

Modern biotech is different from its historical form. Conventional biotechnology relied heavily on cross-breeding techniques to physically transfer genetic templates for the propagation of new plant varieties, crops, or animals of the same species. For instance, cross breeding a horse and mule produces a donkey.

Conventional biotechnology is generally not eligible for patent protection due to lack of human and technological interference. Inventors are then unable to satisfy the novelty criteria for patents.

In contrast, modern biotech operates at the genetic and molecular levels. It revolves around the manipulation and alteration of DNA (deoxyribonucleic acid), the genetic make-up of every living organism. Any portion or fragments of DNA from similar or different sources may be cut, re-joined or inserted to make novel sequences of DNA. The new DNA can be manipulated to perform certain functions, such as producing cells and proteins for medicinal and pharmaceutical purposes.

Hypothetically, biotechnologists can extract a particular DNA strand from a dragon fly and combine it with the DNA of a maize crop to produce bioluminescent maize. Such breeding across species was impossible in the past. Owing to the ability to manipulate genes at the molecular level, modern biotech tends to be more patentable, as it is more likely to satisfy the criteria for protection.

One of the many other uses of biotech processes is in providing a conduit for carrying foreign genes or DNA into host organisms or cells. The end result of this process can be patented. Unlike other engineering inventions, the end product of biotech inventions can appear in the form of living organisms, plants and animals. These are often referred to as transgenic organisms. Chakrabathy's bacterium\textsuperscript{15} and the Harvard Onco-mouse\textsuperscript{16} are good examples.

\textsuperscript{14} As announced by the Prime Minister in 2006 and 2009.


In some cases, biotech can be regarded as a pure science. In this context, related theories or scientific principles discovered during the course of research do not constitute patentable subject matter, regardless of their novelty. However, as an applied science, biotechnology inventions provide value, which benefits the public due to their ability to solve real life problems. As inventions with real life applications, biotechnological inventions may be patented.

The demarcation between biotech as a pure versus applied science is often blurred. As a result, biotechnologists face difficulties in convincing patent offices and the courts that their inventions possess the practical utility necessary for a patent award. The very philosophy of patent law prevents inventors from excluding others from areas which are of no legitimate use to the inventor. If barring patent protection on the basis of usefulness were permissible, this would chill the future of the Malaysian biotech industry. The biotechnologist needs patent protection to continue his research, which will ultimately facilitate the discovery of its full utility and development.

Biotech inventions are highly technical and complicated. This is because biotechnologists attempt to mimic the natural processes of life by manipulating the cellular systems of living organisms. They rely heavily on access to biological materials, and invest significant amounts of money, labour and time to discover and characterize their functions.

Biotechnologists have to embark on lengthy and delicate processes of extracting the desired molecules. Such procedures are like casting a magnet blindingly into an enormous haystack, hoping to retrieve a needle that may not be there at all. If successful, the biotechnologist's job does not end there. Not only are the genetic materials invisible to the naked eye, they are also embedded within minute volumes of matter that are mingled with other materials without any biotechnological significance.

Once these molecules have been isolated, highly sensitive tools are used in a series of equally sophisticated investigative procedures to ascertain, obtain and manipulate those tiny molecules with the hope of finally producing the desired result. Consequently, it makes biotech a material-intensive field of research, perhaps more than other areas of technology.

The properties of many genes, DNA or cells are still poorly understood or remain completely unknown. Therefore, biotech inventions are known for their unpredictability. This hampers any efforts to proceed with ascertaining, obtaining, manipulating or identifying the characteristics, functions and uses of resultant inventions. In fact, these are regarded as the most significant challenges faced by biotechnologists and scientists in general.

The problems of identifying a molecule’s utility are heightened by the frequent use of host or recipient cells to express foreign biological materials. When injected with genetic material from other organisms, the host cell may have a negative response to the introduction of foreign molecules. Nature has programmed cells to recognize only their own cells and to reject alien elements. They may start building up antibodies, which under normal circumstances, are designed to defend them against

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18 Ibid.
19 Ibid.
foreign or defective native proteins. Their natural enzymes may then attack and degrade the unfamiliar biotech product.

So far, biotechnologists have been unable to ascertain or fully understand all the complex possible linkages in cellular chemical reactions. It is feared that alterations to structures, such as amino acid sub-units in a protein, may have unforeseen and undesirable side effects to humans. Feedback mechanisms within an organism invariably cause changes in one chemical process, which could also affect other processes.

With limited knowledge, it is almost impossible for biotechnologists to clearly understand the different processes that occur within a single human cell, including how multiple signals occur and the interaction of genes. Biotechnologists are working towards the development and refinement of the existing techniques to make them more effective. Hopefully, this will eventually decrease the unpredictability of the results, thus allowing advances in knowledge, technology and the discovery of new frontiers. However, even when certain procedures become more predictable and precise, it is still possible that scientists may stumble upon complexities in other areas.

The importance of human resources capacity building

The characteristics of biotech inventions and the related challenges, as discussed above, have a direct impact on Malaysia’s intention and capabilities for becoming a major biotech producing nation. As stated earlier, the understanding and insights of the characteristics of the biotech industry would help interested parties to identify their strengths and weaknesses as part of their long-term preparation before venturing into this industry.

For example, owing to their lack of technological knowledge and capabilities, biotechnologists may need to delay or postpone their patent applications. It would be better for them first to conduct further research to identify the utility and capabilities of their biotechnological processes or products. Otherwise they may not be able to satisfy the patentability requirements.

Without a solid understanding of the potential utility and capabilities of their inventions, biotechnologists may be unable to ascertain the fate of their patent applications or accurately predict the corresponding scope of protection until the result is finally announced by the patent office or the courts. Such uncertainty is not conducive for business. Inevitably these technical obstacles may cause delays in the patent process and in the dissemination of knowledge to the public. It also impedes the development of the biotech field and the marketing of biotech products.

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20 Ibid., page 91.
21 Ibid., page 94.
22 Ibid.
23 Ibid.
24 For example, in a protein, constructed of hundreds amino acid sequences, a single amino acid change can dramatically alter the shape of a protein, nullifying the protein’s original function or creating an entirely new function.
25 See footnote 13.
Characteristics of the Malaysian biotech industry

The Malaysian biotech landscape

The Malaysian biotech industry is less than ten years old. Moreover, it has different characteristics from those of nations with established technology sectors. Therefore, Malaysia is likely to encounter different technical challenges in achieving its aspiration of becoming a regional biotech centre. Understanding the characteristics of the local biotech industry is necessary in helping the nation to counter these challenges and provide for optimal patent-biotech laws and policies.

The Malaysian biotech sector is dominated by privately owned family business entities operating as partnerships or private companies. Another group of players include public and transnational companies operating within the country. There are also other entities, such as government-linked companies. To a certain extent, the nature, size and people behind the entities in this industry influence the way in which the biotech business is conducted.

For example, a Chinese biotech family business may prefer to adopt the Chinese business philosophy in running its business. The proprietors may prefer to keep the business amongst family members. Specifically, they may be unwilling to open investment to strangers, or to share the patent rewards with biotechnologists and researchers that are unrelated to them. This approach may not necessarily be optimal for the biotech industry.

Biotech businesses in Malaysia also differ in their financial resources. Generally, the annual budgets and corresponding profits of the companies tend to be small. Family businesses usually obtain their funding from the owners' personal resources or through loans. Typically, start-up companies linked to the Government usually receive considerable sums of working capital from the State until they become financially independent.

Though there are companies scattered all over the country, most are concentrated in Kuala Lumpur and Selangor. These are the most populous and developed parts of the country. Some of these companies establish their headquarters and run their businesses from the capital, while locating their research centres and manufacturing plants elsewhere.

This situation affects companies’ ability to hire and retain qualified experts, such as researchers or biotechnologists for their manufacturing plants. Some of these experts prefer to live and work in the capital because of the associated facilities and lifestyle benefits. Some are willing to commute to the research centres or manufacturing plants on a periodic basis, provided their employers bear all expenses incurred. At the same time, some prefer to work outside of the capital due to the lower cost of living and family attachments.

These factors are partially responsible for the high turnover rates amongst skilled employees. Incidentally, biotech companies are constantly vulnerable to local labour supply issues. Many take a long time to fill their vacancies. This delays the work process and unnecessarily increases costs.

Malaysia has achieved a considerable level of economic development. It is not far behind the developed nations in terms of physical and technological infrastructure. The country has a good transportation system, ICT infrastructure, a well-structured education system and a large, strong, and competitive labour supply. Some of these basic facilities are equivalent to those of developed nations.
Unlike other developing countries, for the most part, these facilities are equally distributed throughout the nation. Theoretically, Malaysia could easily succeed in its latest endeavour in becoming a regional or international biotech hub.

However, since biotech is relatively new to Malaysia, most local companies are young. Apart from the transnational companies, on average, many of them have less than five years’ experience in the industry. Further, most were previously technology users and had little or no experience as technology producers. It is unsurprising that many have yet to build solid R&D facilities or produce their first biotech inventions, let alone patent them. In terms of advanced technological knowledge and expertise, Malaysia lags far behind its more developed counterparts and other emerging economies, such as India and Chinese Taipei.

Intellectual property-related barriers to expansion of the biotech industry in Malaysia

Malaysian biotech companies are often forced to rely completely on data from abroad, which are usually protected by patents. Access to such knowledge or the latest technology is only possible by way of licensing, which tends to involve expensive royalties. This fact is validated by the number of domestic patent applications for biotech inventions. For example, as of July 2009, there had been 262 patent applications filed by locals, and 1561 by foreigners. Yet, of these, only eight local inventions were eligible for patent protection compared with 501 for foreign biotechnologists. Many of the local biotech inventions are more suitable for utility model protection.

There are some basic local research programmes that are currently conducted independently, or as part of a collaborative effort with research institutions and State universities. It is still uncertain whether these efforts will bear the desired fruits in the near future.

The expense of licensing fees and royalties is a major strain on Malaysian biotech companies. Since these fees are largely determined by the technology producer, local businesses may find these payments beyond their means. Alternatively, the companies could invest in their own R&D programmes. Regardless of which option they choose, the rate of technological development and progression becomes more expensive and much slower than anticipated. This may mean that the Malaysian biotech industry will take a long time to fully blossom.

Financing barriers to the development of the Malaysian biotech industry

Despite its limitless potential for financial rewards, biotech is an expensive and burdensome undertaking. As a complex, highly technical and research-based field, it requires high initial investments to fund overlapping experiments and research before an end product can be successfully produced. Only wealthy corporations or advanced countries can accumulate the necessary capital through the stock markets or other private and public funding mechanisms. Therefore, Malaysian biotech companies are yet to achieve the stature of their developed country counterparts in providing similar funding allocations to their R&D programmes.

Even though there are various governmental financing incentives, including loans and grants for biotech companies, these amounts are quite modest. Furthermore, owing to insufficient publicity, many of the local biotech companies are unaware of the available governmental assistance. When

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26 As at July 2009, Patent Office of Malaysia.
27 For developing or furthering research.
they are, many are not eager to take it up. The reasons range from the unwillingness to navigate administrative bureaucracies, ineligibility, the lack of necessary documentation, and a discomfort with allowing government officers to monitor their activities to ensure that there is no fraud or misuse of the funds provided. The lack of funds limits the type and amount of research that Malaysian biotechnologists can conduct. This, in turn, affects the quality of their biotech end products.

The shortage of skilled labour in the Malaysia biotech industry

It can be observed from biotech litigation in developed nations, that most biotechnologists and genetic engineers are highly qualified. They either have doctorates or several years of work experience at research institutes and universities. In contrast, Malaysia still faces a shortage of highly skilled technical labour, such as biotechnologists, scientists, engineers and other professionals with relevant skills and capabilities. This shortage affects other industries beyond biotech.

Though skilled technical labour, such as laboratory assistants, research officers and IT officers have secondary roles in supporting biotechnologists and the biotech industry, their functions should not be ignored or under-estimated. They are increasingly pivotal in the overall biotech programme. In certain instances, shortfalls in skilled technical support staff actually stands between the biotechnologist and his prized goal. For example, they are critically needed to work as patent examiners in patent offices. Upon the submission of a patent application, they would know what to look for without being unduly influenced by the technicalities of an invention, which may mislead them into assuming its patentability. Since the Malaysian Patent Office and judiciary are mostly new to the biotech industry and lack the necessary experience in determining patentability requirements, developing a technically competent labour pool is an important goal.

Malaysia lacks engineering and science graduates generally, and biotech specifically. It needs more than a tenfold increase in these areas in order to achieve the same proportions as Singapore, South Korea, and Chinese Taipei. This can be attributed to several reasons. First, since modern biotech is relatively a young field of knowledge, not many university graduates in Malaysia take it up as their potential career path. Additionally, not all local universities have a biotech faculty or offer it as a subject.

This problem is deeply intertwined with the exodus of skilled labour moving abroad in search of better prospects. Malaysia could try to entice foreign experts to work in the country with the objective of training locals. This effort would likely be worthless due to its temporary nature. Malaysia could also send existing local experts abroad to enhance their knowledge on a regular basis. Again, this is a short-term solution which would be impractical in the long term because it involves a large amount of money being invested in a select few. There is also no guarantee that these local experts will return once they have completed their training abroad. Further, if they do return, there is the possibility that they might not be able to keep up with the rapid pace of technological advancement. Most likely, by the time they return to use or teach others their new knowledge and skills, new technological developments may have outpaced them.

However, reforms are under way to address these weaknesses within Malaysia's higher education sector. These efforts have been embodied in the National Higher Education Strategic Plan 2007-2010 and the National Higher Education Action Plan 2007-2010. Such a goal cannot be

achieved overnight. It may require at least five to ten years to determine whether these efforts bear fruit.

Legal and policy reforms in the Malaysian biotechnology sector

Because of the unique characteristics of the Malaysian biotech industry, Malaysia is unlikely to adopt the same approach for biotech laws and policies as countries with established technology development sectors. Historically, technology-producing nations adopted a strong and extensive patent law protection regime. This has been traditionally associated with higher profitability through sales, licensing fees and royalties. Such an approach is not suitable for Malaysia. The broader scope of protection preferred by technology producers makes access to protected information more expensive and difficult to obtain than before.

If Malaysia is to follow in the footsteps of technologically advanced nations in awarding more extensive patent protection, this would be likely to have adverse effects for the future of the country's emerging biotech industry. Access to patented technological knowledge would be limited, as it would be based on the modest financial capabilities of local biotechnologists. Technology transfer and development would become more expensive and costly. At the same time, taking into consideration the nature of the biotech industry and the technological capabilities of local companies, Malaysia should also carefully consider whether it wants to adopt a higher or lower standard for patentability. It must be noted, however, that more relaxed patent laws than those of more advanced countries are permissible as long as they do not fall below the minimum standards set by the TRIPS Agreement.

Patentability requirement: policy issues

It has been more than ten years since the TRIPS Agreement came into force. Although Malaysia has duly amended its current Patent Act, 1983 to conform to the Agreement, the country is yet to define fully its domestic biotech patent laws and policy. There are still a few issues pertaining to biotechnological inventions that remain unclear. Strategically, Malaysia should take advantage of the TRIPS flexibilities to formulate competitive biotech laws and policies. The timing is also perfect since the Government is currently reviewing and amending the existing Patent Act. In so doing, the Government needs to ensure that the intended reforms strike a balance between attracting foreign investment, while protecting and promoting local technological progress.

One specific deficiency in this regard is the definition and standard of 'novelty', one of the three requirements for patentability. Unfortunately there is no existing definition and standard of novelty for biotech inventions in Malaysia. The only available definition of novelty is extracted from the field of electrical and mechanical inventions, which involve non-living and purely mechanistic inventions. Considering the characteristics of biotech products, a living invention, the same definition may not be suitable or appropriate for the biotech field.

In terms of novelty for biotechnological inventions, Malaysia should define the term in a more stringent manner than the definitions adopted by developed nations. This is to ensure that only

29 Article 1 of the TRIPS Agreement.
meritorious inventions are awarded patents. At a glance this suggestion may appear to be contradictory and running counter to the nation’s intent in supporting its emerging biotech industry. Admittedly, strengthening the definition of novelty would make it harder for local biotechnologists to satisfy the novelty requirement. Therefore, the most logical answer appears to be a looser definition of novelty that is easier to satisfy. Yet such choice would lead to the patenting of many trivial inventions, which may potentially become the subjects of licensing fees and royalties. In that sense, the public would be short-changed as it would have to pay for 'inventions' that could be considered as banal technological knowledge.

In the long term, the public domain would be littered with low quality technological knowledge. This would naturally discourage new players from engaging in innovative activities. Instead of using and focussing their limited resources on R&D, many would be embroiled in issues of negotiation, licensing fees and the payment of royalties. These matters would only delay and increase the costs of technology transfer in the local biotech industry. Given the aforementioned arguments, a more stringent definition of novelty is preferable. It would encourage local biotechnologists to produce high quality inventions.

The proposed novelty provision could stipulate that 'an invention shall be deemed to be new when it does not form part of the state of the art, which comprises all knowledge made available to the public in any country by any means of a written or oral description, by use or in any way'. Such language is loosely based on Article 54 of the European Patent Convention, 1973 (EPC).

Such a model would prevent the patenting of unpublished inventions or those based on pre-existing traditional or indigenous knowledge. The relevant provision could stipulate that 'the state of art shall include unpublished patent applications filed at the national patent office, where such applications are subsequently published.' Such a provision is believed to be broad enough to include knowledge developed by, or in possession of local or indigenous communities. This exclusion clause could be accompanied by a supplementary clause stating that local and indigenous knowledge would be protected outside the patent law regime. For example, this could be done under a separate sui generis scheme.

The issue of novelty is especially significant. As explained further in the following paragraphs, the recommended provisions would eliminate the novelty of any proposed patent once there was a disclosure anywhere in the world. This would be the case regardless of whether the disclosure was made orally, in written or other forms. Principally this is something Malaysia could do for local indigenous communities or for those from other parts of the world. Since Malaysia is disapproving when developed nations patent their indigenous knowledge or inventions, the nation should have no desire to do the same to others.

Flexible versus absolute novelty

It is reported that the Patent Office will soon be flooded with foreign and local biotech patent applications. At the time of this writing, it is also anticipated that the Patent Office and the courts shall encounter problems pertaining to the novelty requirement. So far, there are no local judicial decisions

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33 Malaysia has more than 50 known indigenous tribes.
that could assist the patent office and other interested parties to enhance their understanding of the parameters of this requirement.

For reasons to be explained below, it would be better for Malaysia to maintain the concept of absolute novelty in determining patentability. The concept preserves novelty by demanding absolute secrecy and non-disclosure of any kind before the patent filing. Regardless of whether the disclosure was made intentionally or inadvertently, the invention is rendered permanently ineligible for a patent.

Admittedly, absolute novelty has its disadvantages. Not only does it make the novelty requirement harder to satisfy, there is also a chance that biotechnologists would lose the patent race to their counterparts elsewhere. For example, any pre-patent disclosure of an invention, such as publication in academic journals or an oral presentation at a seminar anywhere in the world, would compromise novelty and deny patent protection for the invention.

Absolute novelty is a higher and stricter standard than the standard of flexible novelty as practised in the American patent system. Flexible novelty accepts certain public disclosures of the invention that are regarded as non-destructive to novelty. Novelty is preserved as long as the inventor abides by certain legally stipulated requirements. Thus, it makes the novelty requirement easier to satisfy than in absolute novelty jurisdictions. However, this may permit some parties to 'hijack' the unwritten works of others in foreign jurisdictions who would be the first to claim patent protection in their own countries, where flexible novelty prevails. Unlike in absolute novelty jurisdictions, their patent applications would not be denied on the grounds of novelty, even though the invention has been known or used by others in the country of initial disclosure.

Ideally, the decision to opt initially for flexible novelty in Malaysia may be appropriate as a short-term measure, until local biotechnologists are financially and technologically competent. However, there is a risk that the patent office may in some instances grant patents for pre-existing knowledge or prior art, which is the benchmark upon which novelty is assessed. Legally, the novelty inquiry is limited to whether the invention has been revealed or made available to the public. Thus, if the information regarding the invention is not known, revealed, communicated, patented, sold, used or described to the public, it is considered to have been previously unavailable to the public. This makes it new and patentable.

Despite factors in favour of Malaysia's adopting flexible novelty, it is still preferable for the country to adopt the absolute version of the standard. Arguably not all local biotechnologists would be able to satisfy the requirement. However, such a standard would encourage biotechnologists to be competitive, vigilant and expedient in filing their patent applications, so that their inventions can be disseminated at a faster rate.

Conclusion

In working towards achieving the national aspiration of becoming a biotech producer, Malaysia and local biotechnologists need urgently, aggressively and proactively to overcome their current financial, organizational and technological weaknesses.

Although the legal infrastructure necessary for supporting the biotech industry is present, the Patent Act is far from perfect. There are still legal policy issues, such as the definition of the novelty

34 Article 54 of the European Patent Convention, Section 102 of the US Patent Law.
for patentability. Such a definition is very useful for biotech specifically. As a hybrid field, biotechnology stands between products of nature and human invention, thus blurring the distinction between what is patentable and what is not.

A strong IP legal infrastructure alone is insufficient for Malaysia's goal of becoming a global biotech centre. As new participants in the industry, local biotechnologists are still unfamiliar with the formal aspects of using and maximizing the benefits of the existing system. They may not know how to fill in the forms or where to submit them. It would save them time and significant costs if the Government or relevant office could introduce clear patenting guidelines. These guidelines would be equally useful for the Patent Office, examiners, and patent applicants.

In advancing towards becoming a biotech-producing nation, Malaysia should also focus on encouraging local biotechnologists to apply for patent protection under the existing utility model system. By encouraging new and less experienced local biotechnologists to apply for utility model protection, they stand a better chance of enjoying financial rewards than they could through patent protection. This is because the requirements for utility models are less stringent. Further, local biotechnologists face a higher failure rate in patent applications than their foreign counterparts. By making utility model protection more available in Malaysia, the country could avoid creating a parallel regime with lower standards for the patentability of local inventions. The latter option could trigger discrimination challenges under Article 27 of the TRIPS Agreement. Naturally, the utility model scheme must be equally available to foreign applicants.

Malaysia must work to create a better organized system in its Patent Office. There is a need to provide for a separate patent examination office and another for utility models. The officers need to enhance their collaboration with one other, for example in identifying eligible applications, tracking their movement through the system and properly recording final decisions made on all files. If this is not done, they may grant more than one IP right over the same technology, or improperly reject an eligible invention.

The proposed system is consistent with the TRIPS Agreement. Though the legal protection offered by utility models is lower than that provided by patents, it is nonetheless legal and enforceable. In sum, the above recommendations would reduce the wariness felt by local biotechnologists, who are concerned about competing with their more established foreign counterparts. This would permit them to focus confidently on the level of R&D that corresponds with their resources.

In conclusion, Malaysia and its biotechnologists need to address their weaknesses and strengthen their capabilities, in order to face the challenges in becoming internationally competitive in the biotech industry.

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35 A similar provision can be found in the Patent Act 1983, Section 17-17C. The other patent protection mechanism is the Plant Variety Protection Act 2005.
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TECHNOLOGY TRANSFER IN LATIN AMERICAN COUNTRIES: A MATTER OF CULTURE AND TRUST

*Martha Laura López Orúe

ABSTRACT

In Mexico and other Latin American countries, intellectual property (IP) protection has become much more important today than it was even a few years ago. This has been the result of key global innovation trends. The evolution of the IP landscape raises some difficult issues relating to scientific and research policies, as well as the intellectual property cultures of the countries in the region. This paper provides a survey of IP registration statistics for patents, utility models, and trademarks in Mexico. It also discusses the disparity between the high levels of research conducted by local universities and research institutions, and their relatively low levels of patenting activity. The paper then provides recommendations on how promoting a culture of IP protection and commercialization would help increase technology transfer, innovation, and economic growth. In addition to the effective protection of intellectual property, the promotion of entrepreneurship, disruptive technologies, and incentives for researchers are also proposed as important strategies for fostering innovation and technology transfer.

The situation in Mexico and Latin American countries

One of the best examples of the challenges Latin American countries face in the areas of innovation and technology transfer is UNAM University (Universidad Nacional Autónoma de México). This is one of the largest educational institutions in Latin America. The university is active in almost all areas of research including literature, music, the social sciences, design, astronomy, biochemistry, pharmacy, and genetics. UNAM has 314,557 students, 11,668 professors, and about 8,000 research projects. It is a tremendous challenge to convince professors, employees, and students about the importance of using intellectual property (IP) protection as a strategic tool for spurring innovation and generating wealth.

The state of affairs in the universities must be viewed in the context of the country as a whole. As shown in Figures 1 to 3, the statistics for patent, utility model, and trademark applications highlight the difficulties facing Mexico's IP framework.

Figure 1 shows the data for the number of patents granted to locals in México compared with those granted to patent holders from other countries. It is important to note that the patents granted to

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Ms Martha Laura López Orúe (Mexico) graduated as a chemical engineer from Simón Bolívar University in Venezuela, has a Master's degree in Intellectual Property from Japan (2009), and another in Science and Technology Commercialization from the University of Texas at Austin, (2010). Until 2010, she was responsible for the Intellectual Property Department at the UNAM University Liaison Office in Mexico City. Ms Lopez Orue has also worked at the CIATEJ Federal Research Centre, Pisa Pharmaceuticals, Z&A Law Firm, General Electric Polymerland in Guadalajara, Mexico, and PTS Technological Park in Caracas, Venezuela. Most recently, Ms Lopez Orue has been invited to teach Technology Transfer and Entrepreneurship at the MBA programmes in ITESO University in Mexico. She is a member of LES and the IAPPI Mexican Chapter.

1 Universidad Autónoma de México, Agenda Estadística 2010. www.planeacion.unam.mx/Agenda/2010/disco

Mexican rights holders range between 400 and 600 each year. This is a very small number compared to the 3,000 to 5,000 patents granted to foreign patent holders.

In Figure 2, the figures\(^2\) for utility models are presented. What is notable in this case is that the number of Mexican rights holders is far greater than that of citizens from other countries. This pattern is even more pronounced with respect to trademarks in Figure 3.
FIGURE 2: UTILITY MODELS REGISTERED IN MEXICO BY HOLDER’S NATIONALITY
MAIN COUNTRIES
1993 - 2008
FIGURE 3: REGISTERED TRADEMARKS IN MEXICO BY NATIONALITY OF HOLDER, MAIN COUNTRIES
1993 – 2008

The results for 2009 are not included in the figures above. However, a record number of 822 patent applications by Mexicans were reported. Further, the number of utility model registrations by Mexicans rose to 495.³

Therefore given the trend of trademark and utility model registrations in the country, it is evident that large Mexican companies, small and medium-sized enterprises (SMEs) and independent inventors are aware of the benefits of the IP property system, and are actively using it. However, the case of patents is quite different. Though the situation is improving slightly, a lot still needs to be done.

The deficiencies in the area of patents are surprising. For example, UNAM University has about 8,000 research projects. Assuming that at least 10 per cent are patentable, this should amount to a total of approximately 800 patent grants. However, the reality is that the patents granted to UNAM amount to about 20 or less each year (see Figure 4 below).

The annual Webometrics ranking of the scientific research quality of universities around the world placed UNAM in 44th place.⁴ This is a very good ranking among the Latin American Universities. The second-highest ranked university from the region was Instituto Tecnológico de Monterrey. This Mexican institution was ranked 406th. Among the Latin American universities, the Brazilian Universidade de Sao Pablo was ranked 87th. Universidade Estadual de Campinas, which is also from Brazil, was ranked 159th, while Universidad de Chile was placed 234th.

⁴ http://www.webometrics.info/top12000.asp
It is also interesting to note that about 35 percent of all Mexican scientific publications are from UNAM researchers. They amount to approximately 3,500 articles per year. Given these figures, why are the number of Mexican patent holders so low?

One of the key issues is inventors' lack of trust in the IP system as a vehicle for achieving successful technology transfer and innovation. Unfortunately, researchers tend to regard the system as more appropriate for larger companies. Researchers also tend to believe that the patenting process is lengthy and can become quite expensive if improperly used. They are yet to appreciate the idea that patent protection is the beginning of a successful technology transfer process. Consequently, the researchers do not think in terms of patents or other IP protections, when establishing their long-term vision at the beginning of their research.

Even when they are aware of the option of protecting their IP, they often view patents as just another set of administrative documents obtained after the successful completion of their research. Further, though foreign patent holders have benefited from active IP protection, the community of Mexican researchers and inventors has not developed a strong culture of protecting their creations.

In terms of other Mexican universities, the private Instituto Tecnológico de Monterrey filed about 37 patent applications, which was the highest figure for the 2008 to 2009 period. UNAM was in second place with 20 applications. All the other universities and research centers had less than 15 patent applications. Patent applications by foreigners are much higher.

Apart from the universities, other Mexican parties that are actively protecting their patents are the Oil Research Institute (IMP), CONDUMEX, (a metal hose company), BIMBO (one of the largest Mexican food companies), the Electric Research Institute, and Chemical Research Institute. These entities’ use of the patent system is still relatively low. However, they are becoming increasingly aware of the value of their technologies and starting to develop their own technology transfer models.

There has been much discussion about how inadequate investment in research and development (R&D) has impeded the creation of patentable innovations. In the case of Mexico, the level of government investment (about 0.39 per cent of GDP) is very low compared with that of developed countries. Despite the low levels of investment in R&D, some interesting results have been

![Figure 4. UNAM University: Number of Patent Applications Compared with Successful Patent Grants (1999-2008)](image)
achieved, at least in the area of scientific publications as previously highlighted. Therefore, it is important to consider what ingredients are missing and how this situation can be improved. Specifically, the aforementioned issues of trust and the lack of an IP protection culture must be addressed.

**Promoting innovation and technology transfer: looking beyond the IP legislative scheme**

In order to achieve high levels of innovation, more is needed beyond a strong IP legislative scheme. Other legal support services and expertise are required in order to stimulate this process. Recently, in Mexico the *Science and Technology Law*\(^5\) was modified to stimulate innovation. The legislation has some interesting features worth mentioning. It:

- includes the concept of 'innovation': this is notable because it compels researchers to go beyond the realization and publication of scientific developments. It encourages them to consider the market application of their R&D in order to generate wealth.

- addresses the national promotion of innovation including among children and the youth. As the future scientists and professionals, their awareness of the importance of IP and innovation will be critical.

- expands on the role of Research Centers, universities, the National Science and Technology Council (CONACYT), Industry Associations and Chambers of Commerce: this focus promotes the link between the production and research sectors of the economy. Previously, strengthening this relationship was not considered to be their responsibility.

- provides for the creation of Innovation Funds: functions include financing intellectual property protection, promoting linkages between research institutes with industry, and stimulating innovation.

- promotes the creation of networks, company and associations focussed on innovation, seed capital and venture capital.

- promotes the creation of Technology and Scientific Parks.

- university professors can receive as much as 70 per cent of the royalties generated from their innovations.

All these initiatives, especially the royalty payments, are important for motivating researchers to file for patents. The next step will be to determine how to apply this new law. This will require each university and research centre to establish its own framework.

Beyond that, more work is needed to convince the researchers to enhance their understanding of the patent system, so they can maximize their royalties. They could then reinvest these proceeds into further research and innovation.

Therefore, a strategic intellectual property culture is needed, in order to realize the benefits of the IP system. This approach is an important part of the open innovation process, through which

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researchers can benefit from existing technologies that may provide the basis for their own new and improved technologies.

Proactively using IP as a strategic tool would help researchers to successfully anticipate patentable results in the corresponding industries. This is the approach taken by large commercial entities. When large companies apply for patents, they already have a clear associated business model. They know that the patent will be a strategic tool for achieving economic success. This perspective is needed in Mexican and Latin American centres of academia and research. Achieving this outcome will require the identification and development of disruptive innovations across the region.

Achieving this outcome will not be easy. Researchers need help. This is where another new initiative can play a role. The exact operation of the Technology Transfer Office (OTT in Mexico) is still being discussed in CONACYT. But essentially, it will comprise independent, private units that will work to commercialize the technology from different research centres and universities.

This idea of technology transfer offices is well established. The concept has been applied in other countries, mainly in the United States, Europe, and Japan. In Japan this model has been applied in almost all the universities, including Tokyo University, Tsukuba University, Kyoto University, Ristumeikan University and many others. These institutions also have a collaborative relationship with Japan Science and Technology Agency, which is an independent entity. We are currently witnessing the evolution of this model that incorporates entrepreneurship and a risk-taking culture.

In order to attract venture capital in Mexico and Latin American countries, it is critical to combine the OTT approach with strategic intellectual property protection, entrepreneurship and the perspectives of the business community. No investor would be interested in a technology that has no IP protection, as this is the basis of new technology ventures.

The patent protection process can be very expensive if it not used correctly. Therefore, a detailed analysis of the commercial potential of the research is required from the beginning to ensure that at the very least, initial expenses are recovered. This is why IP should be regarded as a strategic planning tool, with a long-term objective, focussing on the successful navigation of the licensing process.

In the Mexican research system, there is no culture of using patents as assets for obtaining funding. Researchers are accustomed to receiving funding from government programmes. They do not believe that it is possible for patents to generate more investment and royalties for them.

Further, the National Research System (Sistema Nacional de Investigadores (SNI)), promotes and provides monthly monetary benefits to researchers depending on their prominence, as measured by their publications, theses, and books. These benefits range between US$3,000 and US$8,000 per month and are in addition to their regular monthly payments. Therefore, there is neither recognition nor motivation for patent applications. This situation is a negative factor for the promotion of intellectual property protection.

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8 G. M. Cadenhead PhD, 'Strategic Analysis for Technology Commercialization', Director MSTC Programme, University of Texas, Austin. Red McCombs School of Business, May 2010.
Additionally, since SNI registration is sometimes a requirement or useful factor in obtaining government research funds, the lengthy nature of the patent commercialization process puts it in competition with the SNI system. A researcher is more likely to prefer investing their time and effort in producing publications which provide for more immediate returns. This is often more attractive than investing in patent protection with the uncertain hope of receiving royalties in the future event of successful commercialization.

The foundations for increased technology transfer are currently being developed in Mexico. Some positive results are already starting to show. Apart from the two new laws mentioned above, research centres and universities are creating their own OTT offices. For example, UNAM established a Liaison Office that reports directly to the rector. The main function of this office is to provide researchers with the support they need to protect and effectively transfer the innovations to industry.

UNAM also organized a contest to promote the benefits of patent protection. During the contest, 80 researchers made submissions. This was more than four times the number of patent applications presented by the university in any given year. From these submissions, a selection process was conducted based mainly on novelty, patentability and market potential. Twenty-five submissions were preselected. A Quicklook analysis was then conducted to identify the business potential of each one. This was the first time such an invitation had been extended to the researchers.

The prize included the payment of application fees for a Mexican application and an international filing under the WIPO Patent Cooperation Treaty (PCT). The winning researcher also received a new computer. Even though the main benefit of the contest was the protection of the patent itself, this was only the beginning of a process to find the best technology transfer model for obtaining royalties for the researchers.

During the contest, some key questions were raised, including how to select those technologies with the most promising commercial potential, who would make the selection, and what would happen to the technologies that were not selected. In other institutions, such as Kyoto University, these questions are decided by a committee with the participation of the research dean and the rector.

Ultimately, the competition was a way of promoting the adoption of intellectual property protection as a strategic tool to obtain new research funds. The challenge now is to transform those patent applications into new business opportunities that will generate benefits and royalties for the society, the university and the researchers themselves.

In order to enhance the possibilities for successful technology transfer in Mexico and other Latin American countries, strategic intellectual property training is needed. This should not be limited to lawyers. It must also be extended to the main authorities and researchers of each of all institutions and universities and the personnel of government institutions that deal with new technology, innovation and research funding programmes.

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Additionally, in order to achieve the real change that could accelerate the innovation process in Mexico and Latin America, intellectual property should be taught in all areas, starting in high school, and continuing all the way to Masters and PhD levels. It is these students that will eventually become the scientists, engineers, doctors, physicists, chemical engineers and genetic researchers. They need to know that all their ideas, projects and inventions shall be protected, and that their work could become the disruptive innovations that may create new businesses and generate wealth for their countries. This goal requires a long-term investment in human resource development, and will facilitate the evolution of an intellectual property culture that will promote innovation in Latin America.

There is a need to develop trust in the IP system. Mexico and Latin America must realize that if they take the risk and use their IP systems strategically, they will enjoy lucrative results that cannot be achieved under the current risk-averse approach of relying on government funding. Patents should be seen as effective ways of obtaining research funds. The challenge is to generate assets, based on new protected technologies, that will improve business growth and development in the different industries. This would be possible with the proposed changes in the innovation and entrepreneurship culture.
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THE STRATEGIC ACTION AGAINST THE PIRACY (STRAP) POLICY IN NIGERIA

*Dr. Adewole A. Adedeji

ABSTRACT

This paper is a study of Nigeria’s current anti-piracy copyright policy, the Strategic Action Against Piracy (STRAP) initiative. It examines the components of STRAP, the achievements recorded so far in its implementation, and the challenges militating against the full realization of the policy's laudable goals.

Introduction

The restoration of democratic governance in Nigeria in 1999 ushered in a civilian regime which had the reform of the national economy as one of its main priorities. Consequently, several bold steps were taken in the pursuit of this objective. Privatization and deregulation received a boost, while restrictive policies and laws on enterprises, which hitherto were the hallmarks of the Nigerian economy, were reviewed. This led to the opening up of the economy to greater foreign participation.

Empowerment programmes were also initiated to give the Nigerian business community a cutting edge on the international scene. One such programme was the National Economic Empowerment Development Strategy (NEEDS). The design of this programme was based on a vision of a Nigeria with a new set of values and principles that would facilitate the national goals of wealth creation, employment generation and poverty reduction.

Realizing the need to key into the reform agenda and ensure that the copyright sector of the nation’s economy contributed to the ultimate goals of NEEDS, the Nigerian Copyright Commission (the Commission), carried out a careful study of the copyright environment in the country in 2004. Arising from the study was an alarming revelation that piracy has grown systematically into an

* Dr. Adewole Adisa Adedeji (Nigeria) is currently a Senior Lecturer in the Department of International Law, Faculty of Law of the Obafemi Awolowo University Ile-Ife, Nigeria. He holds a PhD from the Obafemi Awolowo University Ile-Ife, Nigeria, with a specialization in Intellectual Property Law. His thesis at LL.M (Masters), M.Phil (Master of Philosophy) and PhD levels focussed on the patent system and transfer of technology to developing countries. He has written and presented papers on this and other areas of intellectual property. His current research interests are focussed on the administration of copyright and the commercial exploitation of intellectually property in developing countries through small and medium enterprises (SMEs). He is also a partner at Wole Adedeji and Company, a law firm of intellectual property consultants based in Lagos Nigeria.

3 The Nigerian Copyright Commission was established in 1988 through Decree No. 47 that introduced a new legal regime of copyright in the country. The Commission is the sole government agency statutey mandated with the responsibilities of promoting, administering and enforcing copyright in Nigeria. See Section 34 of the Copyright Act Cap. C28 Laws of the Federation of Nigeria, 2004.
4 Piracy is the illegal reproduction of copyright works, such as books, phonograms, paintings, architectural drawings, photographs, films, broadcasts, computer software etc. Note that the distribution, exhibition and/or circulation of illegal reproductions also constitute piracy. Piracy is a criminal act under Nigerian Copyright law. See J. O. Asein, ‘Protection of computer software under Nigeria copyright law’ in J. O.
organized industry in Nigeria. This organized piracy cuts across virtually all aspects of the copyright industry, claiming more than 90 per cent of the Nigerian market. Five out of ten CDs, VCDs, DVDs, software, books and other copyrighted works were pirated products. This results in an annual loss of more than N100 billion (approximately US$650 million). This represents lost investment in the economy, forfeited remuneration to right owners, unrealized tax revenues that could have accrued to government for the development of the economy, and the frustration of incentives to professionals working in copyright-based industries. In essence, the report identified piracy as the greatest threat to the Nigerian copyright-based industries.

It was in response to this alarming information that the Strategic Action Against Piracy (STRAP) initiative was conceptualized by the Commission in August, 2004. It represents the Government’s efforts to bring about a significant reduction in the level of piracy, and to ensure that the copyright system makes a significant contribution to Nigeria’s economic development. This paper examines the STRAP initiative.

The Strategic Action Against the Piracy (STRAP) Initiative

STRAP was formally launched on 3 May 2005 by former President Olusegun Obasanjo who described the negative effects of piracy on Nigeria as follows:

… the damaging effects of piracy are visible all around us: the waning zeal for creativity; dearth of well-researched textbooks and reading materials in the education sector; the diminishing of artistic and literary quality of our stage performances; and the increasing colourless and, the uninspiring products in the visual arts. Expectedly, the investors are very wary, and the younger generation is not encouraged to pursue careers in the arts and the entertainment industry. We are all confronted by an attack on our culture and future as a people. We are faced with the reality of a declining economic resource and a source of pride as a nation.

Asein and E. S. Nwauches (eds.), *A Decade of Copyright Law in Nigeria*, (Abuja: Nigerian Copyright Commission, 2002), page 198.


Causes and motivations for piracy are myriad. One such reason is the fact that despite the apparent long history of piracy in Nigeria, there has been no concerted effort until recent times to track and check it. Another factor is that the Nigerian Copyright Commission at inception was established essentially as an administrative agency and not an enforcement agency. By the time the mandate of the Commission was expanded to enforcement in the mid-1990s, no institutional structure was put in place for enforcement. Others are scarcity and the high cost of genuine products, abuse of digital technology, inadequate enforcement of intellectual property laws, poverty, laziness, inadequate awareness about copyright piracy and its ills, poor distribution networks of needed creative products, a slow judicial system, poor funding of regulatory agencies and the rancorous and uncooperative attitude of practitioners in the creative industries. See A. Adewopo, ‘The Gain is More than the Pain: Cost Benefit Perspective of the Regulation and Control of Copyright-Based Industries in Nigeria’. Paper presented at the International Symposium on Economic Crimes 31 August-7 September 2008 at Jesus College, University of Cambridge, United Kingdom, page 6. See also B. Sodipo, ‘Enabling an Effective Network for Combating the Menace of Piracy in Nigeria’. Paper presented at the National Copyright Summit, 24-25 October 2000 in Abuja, Nigeria.

STRAP was designed as a multi-sectoral, public-private sector collaborative platform for strengthening copyright enforcement and action programmes tailored to address the needs of specific industries. It was therefore envisaged to be a proactive and dynamic agent of change that would positively impact the socio-economic and cultural heritage of the Nigerian people, while also securing the material interests of foreign investors. Under STRAP, the Commission plays the role of an enabler, facilitator and regulator through effective copyright administration, protection and enforcement. It does so in order to help the private sector grow, create jobs and generate wealth for the nation.\(^9\)

**Components of STRAP**

STRAP deploys three basic intervention components, namely: public 'enlightenment', proactive enforcement, and the administration of rights. Its core principles are to combat all forms of piracy and copyright abuses; to create a conducive environment for the management and exploitation of the gains of the copyright system; to facilitate the evolution of a suitable copyright environment, which will encourage foreign investors to explore the potential benefits of the country’s copyright-based industries; and to implement the 'restoration through awareness' campaign designed to bolster Nigeria’s image as a country that upholds the ideals of creativity and innovation.

**Public 'Enlightenment'**

It has been recognized that the lack of awareness of the legal and administrative dimensions of copyright created a major impediment to the development of a sound copyright system in Nigeria. It was on this basis that public enlightenment was incorporated as a core component of the STRAP initiative. This component is not only aimed at increasing the Nigerian’s awareness of copyright, the ills of piracy, and their obligations under the law. It also aims to re-orientate their mindset to playing an active role in the fight against piracy, and to encourage the integration of copyright and intellectual property perspectives into national development strategies. In this respect, the vehicle for the public enlightenment component of STRAP is an integrated media campaign tailored for different segments of Nigerians as a whole.\(^{10}\) This entails the strategic engagement of the public through the extensive use of endorsements by celebrities and influential people, such as traditional rulers, chiefs and religious leaders. Further, the initiative also provides for the creation of a platform that will secure public participation in deliberations on issues affecting the administration, enforcement and protection of copyright in Nigeria.

Other public engagement initiatives are building and managing networks of people that can be of great value in realizing the objectives of STRAP. These initiatives involve the mobilization of the media for effective coverage of the enforcement and administration of rights, setting up school and youth projects to engrain the basic tenets of copyright in Nigerian youth, and galvanizing consumer support and sympathy for the fight against piracy.

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\(^{10}\) The Commission has pursued this objective through publicity and advertising campaigns, jingles, announcements and interviews on television, radio, newspapers and magazines. Other means employed also include billboards erected in strategic locations across the country, posters and direct mails, STRAP campaign slogans, printing of T-Shirts, postcards, and stickers in the form of copyright warnings for use by right owners in their works, workshops, seminars, symposia, press releases, press briefings, road shows, special events and exhibitions. See *STRAP Handbook*, (Abuja: Nigerian Copyright Commission, 2005), page 28.
Proactive enforcement

In addition to being a central component of the Commission’s statutory mandate, proactive enforcement is also a key aspect of STRAP because its operational mode easily elicits compliance in an environment plagued by piracy. The initiative’s enforcement tools are meant to send a clear signal to pirates that the Government is determined to confront the scourge of piracy. These tools include anti-piracy raids, as well as the arrest and prosecution of pirates.

It is instructive to note that the enforcement component of STRAP is derived from the general enforcement powers that the Copyright Act confers on the Commission. The Act provides for the appointment of Copyright Inspectors who have powers similar to those of a police officer, but limited to handling copyright infringement cases. The Officers may investigate any complaint of piracy and arrest copyright offenders. They can also carry out inspections of any place allegedly used for piracy activities or the illegal production of copyrighted works. In addition, they have the authority to conduct raids, seize pirated materials, and prosecute suspected pirates in court.

To enhance the effectiveness of enforcement activities under STRAP, the Commission established inter-agency cooperation with other enforcement/regulatory agencies, such as the Nigerian Police and Custom Service. The underlying objective of enforcement activities is to escalate the anti-piracy raids to a level that those who deal in pirated works will voluntarily cease their activities in order to avoid the associated security and legal risks.

Administration of rights

Rights administration is one of the pillars of STRAP, and is crucial for the effective realization of the copyright system’s underlying policy. Although the Commission is not empowered to manage any rights directly, it establishes the regulatory framework and guidelines that enable copyright owners to do so in a manner that would yield the required benefits. One such element of the framework is the Copyright Notification Scheme introduced in September 2005.

This scheme allows the author or rights holder of a copyrighted work to notify the Commission of this fact. This may be done by filling and returning the appropriate form. The essence of the scheme is to enable the Commission to create a database of authors and their works, and to provide prima facie evidence of the existence of the works submitted as well as the facts contained in the application.

It is instructive to note that Copyright Notification is a voluntary scheme, which is distinguished from a registration process in the sense that it confers no right beyond what the author enjoys under the Copyright Act. An important advantage of the scheme is that the database created will provide necessary rights management information, which, for example, could be used by the public in securing licences. In order to guard against fraudulent applications, it is a requirement of

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12 See Section 38(2) and (3) ibid.
13 Others include the Economic and Financial Crimes Commission, Nigerian Broadcasting Commission, the Standard Organization of Nigeria, and various right owners’ associations.
15 Ibid.
16 Ibid., page 4.
the scheme for the applicant to declare the veracity of the facts stated in the application before a Commissioner of Oath.\footnote{17
Making false declaration on oath is a criminal offence in Nigeria.}

Other highly significant regulatory interventions of the Commission include the Copyright (Security Devices) Regulations 1999, the Copyright (Video Rental) Regulations 1999, and the Copyright (Optical Discs Plants) Regulations 2006.

Each of these regulations was designed to control certain practices in the copyright industry, and to curtail incidences of rights abuses. For instance, the Copyright (Security Devices) Regulations provide the framework for the enforcement of the compulsory use of holograms as anti-piracy devices.\footnote{18
See paragraph 1 of the Copyright (Security Devices) Regulations 1999.}

The hologram operates both as an enforcement device, as well as a rights administration mechanism. From the perspective of enforcement, the use of hologram facilitates easy identification of genuine copyright works. A sound recording or video film without the hologram stamp is prima facie presumed to be a pirated copy.

From the perspective of rights administration, the use of holograms offers a basis for accountability between producers of works and rights holders because production companies are obliged to maintain transparent records of their dealings. They must also submit periodic returns (records) to the Commission. Such records assist the right owners to ascertain the quantities of their works that have been put on sale, and also enable them to determine the royalties accruable to them. The use of holograms as a security label has been highly successful in other jurisdictions. As can be observed in Nigeria, this method is also popular with other industries such as the pharmaceutical sector.

Similarly, the Commission introduced the Video Rental Regulation in recognition of the fact that the most glaring form of exploitation of films in Nigeria was the unauthorized rental of movies by video rental outlets. The Regulation was intended to discourage the proliferation of illegal rental activities by establishing guidelines for the operation of rental outlets, which had to be accredited by the Commission. The essence of this requirement is to ensure that the Commission secures the undertaking of such outlets that they will operate within the confines of copyright laws.

This requirement also provides for the effective monitoring of the accredited outlets. Upon accreditation, the outlets are expected to rent out films that are produced in a format that is specifically designated for rentals. The release of films to rental outlets presupposes automatic consent granted by the producer for the production to be made available for rental. This obviates the need for producers of such films to grant specific licences to individuals who might want to use them for commercial purpose. The film made available for rental may however be released by the producer at a higher cost or under other terms as consideration for the rental.\footnote{19
Copyright System in Nigeria - The Gains of Strategic Engagement, (Abuja: Nigerian Copyright Commission, 2007), page 14.}

Also, the regulation of the optical disc (CDs, DVDs, VCDs etc.) production plants became necessary to stem piracy from the point of production, and to increase the standard of record-keeping among persons engaged in the production of copyright works embedded in the discs.\footnote{20
See A. Jain, ‘Optical Disc Legislation: A New Tool to Combat Piracy’. Available at http://www.ebc-india.com/lawyer/articles/2002v5a5.htm [Accessed on 13 August 2008].} Till recently, piracy, both analogue and digital, has been fought through the traditional protections offered by...
copyright laws. These only protect content against unauthorized copying and distribution. Often, this creates difficulties as the manufacturing stage is left unregulated. This necessitated the introduction of the Copyright (Optical Discs Plants) Regulation, a new legal mechanism which was designed to stem piracy at the manufacturing stage.

The Regulation has facilitated the identification of these production plants for periodic inspection to ensure that the illegal reproduction of works is not occurring. It has also enabled the Commission to enforce its statutory duty\(^\text{21}\) by requiring these plants to maintain a register of all works they produce. These registers must show the name of the author, title of the work, year of production and quantity to be produced.

The Regulation empowers the Commission to monitor the operations of all local optical disc manufacturers and replicating plants, as well as the imports of such products with the aim of checking the rising tide of piracy in Nigeria. This enables the Commission to monitor and control the production, importation and export of optical discs, production parts, raw materials, and manufacturing equipment in Nigeria. Such monitoring is performed with the view of entrenching high standards of copyright practice in relevant industries.\(^\text{22}\)

Highlights of the Regulation include the mandatory Commission registration of persons and companies involved in manufacturing optical discs and production parts\(^\text{23}\), importers and exporters of optical disc duplicators\(^\text{24}\), as well as importers and exporters of optical discs and production parts.\(^\text{25}\) All registered persons are obliged to adapt and use the appropriate manufacturing code\(^\text{26}\) assigned by the Commission, and to keep samples and records relating to their machinery, raw materials\(^\text{27}\) and production. In addition, registered plants are obliged to file periodic returns as may be required. The plants must do so in the manner stipulated by the Commission, which must be notified of every instance of importation and exportation.

To enforce compliance with the guidelines, the Commission’s officials routinely make unscheduled inspections of the plants and business premises of the registrants. The registrants are obliged to cooperate with them and to provide unfettered access to their premises.\(^\text{28}\) Violation of the Regulation attracts penalties including the Commission's refusal to register an applicant, suspension of registration and prosecution for breach. Registration is for a period of a year, after which operators would apply for renewal.\(^\text{29}\) So far, 14 optical disc replicating plants and five mastering facilities have been registered.\(^\text{30}\) The hope is that the full implementation of the Regulation will minimize optical disc piracy in Nigeria.

\(^{21}\) Section 14 of the Copyright Act.
\(^{22}\) See Guidelines for the Copyright (Optical Discs plants) Regulation 2006. (Abuja: Nigerian Copyright Commission, 2006), page 1. Note that the basis of the Regulation are the powers vested in the Commission under Section 45(4) of the Copyright Act ‘to make regulations specifying the conditions necessary for the operations of a business involving the production, public exhibition, hiring or rental of any work in which copyright subsists’.
\(^{23}\) Section 1(1) of the Copyright (Optical Discs Plants) Regulation 2006.
\(^{24}\) See Section 3 ibid.
\(^{25}\) Section 2(1) ibid.
\(^ {26}\) See Sections 4 and 5 ibid.
\(^{27}\) See Section 6 ibid.
\(^{28}\) See Section 9 ibid.
\(^{29}\) See Section 10 ibid.
\(^{30}\) This number is current as of October 2010. This fact was obtained from the Regulatory Department of the Nigerian Copyright Commission in Abuja.
An important achievement of the Optical Discs Plant’s Regulation is the introduction of mandatory inscription of a Source Identification (SID) Code on all optical discs produced in Nigeria. The SID code is a joint initiative between International Federation of Phonographic Industries (IFPI) and Phillips Consumers Electronics that holds the patents in the compact disc technology. The SID code is made up of characters, which may be numeric or alphabetical (or a combination of both). The code identifies the registered number of the Laser Beam Recorder used in making the stamper, or the registered number of the mould used to press the disc. Since its introduction in the mid-1990s, it has proven to be a useful tool in tracking and tracing the source of optical discs mastering and replications. It is expected that this new initiative will not only usher in a regime of transparency and best practices, but will also guarantee higher protection for all copyright works produced on optical discs in Nigeria.

Another important rights administration issue that has received tremendous attention under the STRAP initiative is the collective management organization. Collecting organizations are important vehicles for copyright administration. They facilitate the monitoring and collection of royalties on behalf of authors through the deployment of their wide networks. The regulation of collective administration has been one of the most challenging mandates of the Nigerian Copyright Commission. However the introduction of Copyright (Collective Management Organizations) Regulation 2007 and the decision of the Court of Appeal in Compact Disc Technologies Limited and Others v. Musical Copyright Society of Nigeria, has given the Commission the power to regulate effectively the collective management system in Nigeria for the benefit of Nigerian creators.

It is instructive to note that the Commission, in realization of the fact that the essence of the copyright law is to ensure that creators of creative works benefit from the fruit of their labour, has introduced the Copyright Litigation and Mediation Programme (CLAMP). Operating under the STRAP initiative, CLAMP serves as a dispute mediation mechanism for Nigeria’s copyright-based industries. The main objective of the programme is to encourage out-of-court settlements in copyright disputes, where it is considered that such action would leave the rights owner better off than they would be, if they pursued the long, expensive and often tortuous process of litigation. This, however,

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31 IFPI represents the interest of producers of phonograms in the music and film industries globally. It collaborates with national associations in the two industries to articulate practical measures for the control of piracy and other intellectual property abuses. The Nigerian Copyright Commission has a standing arrangement with IFPI on the implementation of the SID code.


33 The system of collective administration allows individual authors to come together and pool their rights, which are then collectively managed by an organization in a manner that the authors are able to maintain reasonable control over the use of their works and also derive economic benefits therefrom. Essentially, collective administration of rights involves the surrendering of authors’ rights to an organization with a mandate to act on their behalf. The mandate will often include the monitoring of the use of the works; granting licences; and the collection of accrued royalties, which are subsequently distributed to right owners on agreed principles or sharing formula. See Collective Administration of Copyright and Neighbouring Rights, (Geneva: WIPO, 1990) and U. Uchtenhagen, The Setting-Up of New Copyright Societies Some Experiences and Reflections. (Geneva: WIPO, 2005).

34 From the empowerment of the Commission in 1992 through the Copyright (Amendment) Decree No. 98 regulating the operation of collecting societies in Nigeria, it has been entangled in numerous lawsuits filed by stakeholders in the industry. The number of lawsuits has been particularly high in the music sector of the entertainment industry, which has challenged the Commission’s regulatory powers regarding collective management organizations in Nigeria.

is being implemented without prejudice to efforts directed at ensuring that pirates face the full brunt of the law.\textsuperscript{36} This programme has been helpful to many right owners.

**Achievements and challenges under the STRAP**

Some of the programmes introduced by the Commission under the STRAP initiative are just being rolled out. As a result, a full and fair assessment of the initiative's impact on the Nigerian copyright-based industries may not be possible in the interim. To a large extent, however, the STRAP initiative has enabled the Commission to enlist public-private sector participation in the anti-piracy campaign through a critical buy-in by stakeholders. Anti-piracy enforcement activities, including intensified intelligence gathering and surveillance, raids and seizures, public destruction of pirated products and successful prosecutions of suspected pirates\textsuperscript{37} have increased significantly. Under the Copyright Litigation and Mediation Programme of the Commission, few cases have been settled out of court.

Further, the STRAP initiative has succeeded in redesigning and strengthening the Commission’s regulatory mandate. In this respect, it has provided a credible structure for rights owners and the creative industries to benefit from the copyright system. For instance, the Notification Scheme is gradually being embraced by authors and is facilitating the creation of a database of the authors and their works. Optical disc plants operations in Nigeria are now under regulation. About two of these plants were found to be engaging in acts of piracy and have been shut down.

Moreover, the resolution of the problem of collective rights administration in the country is being pursued with renewed vigour. The introduction of a new regulation in 2007, alongside the subsequent licensing of a collecting society for the Nigerian music industry, is a positive indication of this.

Furthermore, the institutional and workforce development drive, which the implementation of STRAP necessitated, has facilitated the repositioning of the Commission for greater efficiency and effectiveness. It is instructive to note that as a result of the aggressive pursuit of the Commission’s goal under the STRAP initiative, Nigeria was removed from the United States’ Special 301 List in 2007 and 2008.\textsuperscript{38} The Special 301 List is part of the yearly report prepared by the Office of the US Trade Representative. It identifies countries alleged to provide inadequate protection of US intellectual property rights. A listing can ultimately lead to trade sanctions against alleged offenders.

It is important to state that a number of challenges have constrained the Commission's efforts to fully implement the goals of STRAP, and ipso facto, the full realization of its objectives. Prominent

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\textsuperscript{37}Until now, more than 60 anti-piracy raids and 316 inspections have been conducted in various parts of the country. Confiscated pirated materials with a market value of ₦2,600,000,000.00 (approximately US$15 million) have been destroyed by the Commission, more than 50 cases of copyright infringement have been prosecuted in the various Federal High Courts in the country, and four convictions have been secured. See STRAP 1 and 2 Reports prepared by the Nigerian Copyright Commission Abuja, which cover the first three years of implementation of the STRAP initiative.

\textsuperscript{38}The 301 List is prepared by US Trade Representatives under Section 182, as amended of the \textit{US Trade Act 1974}. See Wikipedia, Office of the US Trade Representative. Available at http://en.wikipedia.org/wiki/Office_of_the_United_States_Trade_Representative [Accessed on 17 September 2010].
among these are, poor funding from government (which largely is due to the failure to realize the strategic importance of intellectual property to national economic growth and development\(^{39}\)), pervasive ignorance about intellectual property in Nigeria, and the often lackadaisical attitude right owners often have to the enforcement of their intellectual property rights.\(^{40}\)

Other challenges include the unstructured distribution chain of copyrighted works (which enhances piracy); the Commission's inadequate manpower and logistic infrastructure; and the lack of a proper organization of stakeholders in the copyright-based industries. Further, there is also the problem of an inadequate legal framework, particularly in the penalty provisions for copyright infringements and in provisions for addressing the emerging challenges of digital technology. One example is the illegal reproduction and distribution of work on the Internet. The general absence of judicial sympathy for cases involving intellectual property infringement has also been a significant problem.\(^{41}\)

**Conclusion**

Judging from the achievements recorded so far by the Nigerian Copyright Commission in its implementation of the STRAP, there is no doubt that the initiative offers a potential solution to the endemic problem of piracy that has plagued Nigerian copyright based-industries. However, it is important to note that the foregoing challenges need to be urgently addressed, otherwise the high expectations raised by STRAP may eventually turn into a mirage. For instance, the inadequacy of funds and manpower has stalled the full implementation of the Hologram and Video Rental Schemes. Further, prosecuting persons suspected of piracy has been a herculean task because of the lack of judicial sympathy for the anti-piracy campaign. This factor has largely been responsible for the poor rate of convictions secured by the Commission so far.

\(^{39}\) An indication of this could be seen in the fact that Nigeria does not have a national policy on intellectual property and the absence of intellectual property in all her national economic growth and development agenda prepared so far.


\(^{41}\) Ibid.
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INTELLECTUAL PROPERTY AS A TOOL FOR ECONOMIC DEVELOPMENT IN WALES

Andrew Beale

ABSTRACT

This paper addresses the issue of Intellectual Property (IP) as a tool for economic development in Wales. The Welsh Assembly Government has articulated the vision of a knowledge-rich economy. With IP at its core, this vision proposes an economy driven by an indigenous University research base that is underpinned by science, technology, engineering, and mathematics (STEM). This paper discusses the issue of whether the current infrastructure for science and technology research in Wales is too weak and fragmented to successfully drive a knowledge economy. In particular, the paper reviews an important policy initiative establishing a new sector-based approach to economic development in Wales. The initiative is assessed in terms of Welsh universities’ strength in patenting their research. The current interface between the Welsh universities and the indigenous micro, small, and medium-sized enterprises (mSMEs) is explored for evidence of commercially successful interaction.

IP Wales®

IP Wales is a UK£3.5 million-award winning business support initiative operated by the Law School at Swansea University.

In the first phase of this European Union (EU) funded operation, its mandate was to provide Welsh micro, small and medium-sized enterprises (mSMEs) with the knowledge and financial means to commercialize their intellectual property (IP) assets.1 IP Wales was to pursue this mandate by focussing on three main objectives. The first was to raise awareness and understanding of IP amongst mSME businesses. The second was to enable businesses to make informed commercial choices about protecting their IP assets. The final objective was to help Welsh mSMEs in sustaining and growing their businesses by integrating the commercial use of their IP assets into their overall business plans.

Following the launch of IP Wales in June 2002, more than 2000 Welsh mSMEs became members. This was largely in response to the promotional message that IP assets can be used to protect and/or add value to their businesses. Of these, over 750 requested strategic IP advice. This resulted in more than one hundred client firms receiving assistance in securing 205 patents, 60 trademarks, and 12 industrial designs around the world.2 The Project also helped to secure financial support for 25 IP licensing deals.

* Mr Andrew Beale (United Kingdom) is the Head of the Department of Professional Legal Studies, and Deputy Head of the Law School at Swansea University. In addition to working as an IP Consultant to Capital Law LLP Solicitors, he is also the Director of IP Wales®, which he was responsible for designing and launching in 2002. Mr Beale became Director of the Swansea Intellectual Property Rights Initiative in 1999. He achieved National recognition for ‘services to intellectual property and business in Wales’ with the award of an OBE under the Queen’s Birthday Honours List 2009. Mr Beale attained the following credentials: LLB (Bristol) MPhil (Wales) PGCE (Wales) GMInstLEx.

1 European Union Project Reference 53611.
2 Motivation for mSMEs contacting IP Wales: 39 per cent patent enquiries, 25 per cent general IP enquiries, 15 per cent trademark enquiries, 12 per cent copyright enquiries, six per cent licensing enquiries, three per cent industrial design enquiries.
IP Wales made the following findings during this first phase of operation. First, the main ingredients for the success of a knowledge-based mSME are management, finance, and access to advanced technology and ‘know-how’. Second, experience demonstrated that a better management team will make better commercial use of a poorer technology than a poorer management team will make of a better technology. Third, financing will always seek out good management teams. Consequently, the focus for the next phase of operation has become the promotion of better Intellectual Assets (IAs) management. To this end, IP Wales has worked with the World Intellectual Property Organization (WIPO) to produce the following guides for mSMEs:\(^3\):

- Understanding Open Innovation;
- Understanding Intellectual Assets;
- Establishing the Legal Freedom to Operate in your Market Place;
- Restricting Competitor Access to your Market Place; and
- Extracting Added Value from your Intellectual Assets

**Vision for a new Welsh knowledge economy with intellectual property at its core**

In September 2008, Wales hosted a WIPO-organized conference for national Intellectual Property Offices and IP specialists from the Organization for Economic Cooperation and Development (OECD) countries.\(^4\) At the Gala Dinner, the First Minister of the Welsh Assembly Government set out a vision for a new knowledge-rich economy for post-devolution Wales.\(^5\) This vision set forth an economy with IP at its core, driven by a University research base anchored in science, technology, engineering, and mathematics (STEM). The scale of the task in implementing this vision is not to be underestimated.

In March 2008, the then Secretary of State for Innovation, Universities, and Skills, sought advice from the Vice Chancellor of Lancaster University on how UK universities should manage their IP for their own benefit and that of the wider economy. Professor Paul Wellings reported that compared to counterparts in Australia, Canada and the United States, the performance of UK universities was ‘good and improving’.\(^6\)

Praxis Unico commercialization surveys demonstrate a clear correlation between large research incomes derived from research funding/grants and the strongest commercialization performance.\(^7\)

Yet research conducted by IP Wales paints a somewhat less dynamic picture for UK regional universities.\(^8\) This work formed the basis of a comparative analysis of patenting activity by universities serving the three recently devolved jurisdictions of Scotland, Wales, and Northern

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\(^3\) [www.ipwales.com](http://www.ipwales.com)  
\(^4\) World Intellectual Property Organization (2008) WIPO/SMEs/CWL/(*/INF/1  
\(^7\) A charitable organization representing the technology transfer companies of UK Universities.  
While patent filings per researcher in Wales may be on a par with that of Scotland and double the rate of Northern Ireland, the academic research base in Wales is only around half that of Scotland in per capita terms. Furthermore, it is currently dominated by the performance of Cardiff University.

**The current research base in Wales is too weak and fragmented to successfully drive a knowledge economy**

Cardiff University stands as Wales’ sole representative within the self-selecting ‘Russell Group’ of leading UK research universities. Therefore, the dramatic drop in its research ranking from eighth in 2001 to 22nd in 2008 is at best, discouraging. Moreover, this outcome resulted from the university’s failure to submit a third of eligible research staff for scrutiny. This resulted in the lowest percentage submission within the top thirty UK universities.

The total number of researchers submitted on behalf of Wales under the Research Assessment Exercise (RAE) in 2008 was 2,578. This was in comparison to 6,576 from Scotland and 1,265 from Northern Ireland. Of the ten Welsh universities which were part of the exercise, only four managed to achieve double digits in the percentage of their submissions deemed to be of the highest research quality. This premier ranking was reserved for research regarded as ‘world leading in terms of originality, significance, and rigour’.

Moreover, RAE 2008 revealed a massive Welsh deficit when compared with Scotland in terms of world class science, technology, engineering, and mathematics research (STEM). Wales has fewer than 120 researchers operating in this field at the highest level, with nearly 80 per cent of these based at the leading engineering departments of Cardiff University and Swansea University.

**The new sector-based approach to economic development in Wales has yet to be anchored within the patent strength of Welsh universities**

In their new approach to Economic Development, the Welsh Assembly Government’s Ministerial Advisory Group identified 14 key sectors for Wales. Three were deemed to be core enabling sectors (energy, environmental management, telecommunications and information communications technology – ICT); six were considered strategically important (bio-science, health, financial and professional services, creative industries, automotive, aerospace); and five were considered to be of economic importance (construction, food, defence, retail, leisure and tourism).

The move towards a new sector-based approach to supporting businesses in Wales was endorsed in the Welsh Assembly Government’s ‘Economic Renewal: A New Direction’. Four research and development priority areas were cited for Welsh universities, namely, the Digital Economy (ICT), Low Carbon Economy (including climate change mitigation and adaptation), Health and Bioscience, and Advanced Engineering and Manufacturing.

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11. 40 per cent from Cardiff University.
12. Largest contribution of 25 per cent from Edinburgh University.
13. Over 60 per cent from Queens University.
However, these selected sectors are not reflective of Welsh universities’ traditional areas of patent strength. When IP Wales investigated UK university patent holdings it showed a concentration of technologies in Human Necessities (medicines and devices), Chemistry and Metallurgy (genetic engineering and microbe testing), and Physics and Electricity (lasers). Welsh universities showed particular strength in the fields of chemical and physical analysis, and microbe testing. In relative terms, Wales’ weakness was most pronounced in electronics and communications.

The Welsh Assembly Government has recently established six Sector Panels to advise on opportunities in its priority industries of Digital Economy, Energy and Environmental, Life Sciences, Advanced Materials and Engineering, Creative Industries, and Professional and Financial Services. An external mSME Panel is also to be created to advise these six Sector Advisory Panels.

This new approach is significant because the use of IP can vary substantially across sectors. For example, ICT requires a rapid transfer of ‘know-how’ into its products. On the other hand, creative industries look for the transfer of skilled people into multi-disciplinary teams, while life sciences and the pharmaceutical sector demand strong IP protection.

There is little evidence to suggest that the current Welsh universities/MSME interface is facilitating effective commercialization of university research

The Gibson Review defined commercialization as, ‘publicly funded activities by which IP created within the Higher Education Institutions sector can form the foundations for the creation of value’. The seminal Lambert Review explored ways of providing for better two-way collaboration between industries and universities. The Review reached three main conclusions. First, universities need to better identify their areas of competitive strength. Second, the UK government would have to do more to support business collaboration with academic institutions. Third, businesses will have to learn how to exploit the innovative ideas that are being developed within these academic institutions.

Forward citation analysis can be a useful indicator of commercial interest in the technology. In this regard, research from IP Wales reveals that the performance of Welsh university patents has been notably poorer in recent years.

Moreover, the recent announcement of the Welsh Assembly Government to close down six out of its ten flagship projects within the Technium network, previously at the core of its policy to generate an improved business and university interface, has been viewed by political opponents as a...
long overdue admission of policy failure.\textsuperscript{21} However this decision resulted from an internal audit which is reported to have identified government department ‘management weaknesses’.\textsuperscript{22} The former Economic Development Minister remains of the view that the underlying concept was quite sound.\textsuperscript{23}

**Government review on how IP can drive innovation and economic growth in the United Kingdom**

Prime Minister David Cameron has announced that Ian Hargreaves, the newly appointed Professor of Digital Economy at Cardiff University, is to lead a UK government review of how intellectual property can drive economic growth and innovation.\textsuperscript{24} In the previous year Hargreaves led a review of the Creative Industries in Wales for the Welsh Assembly Government.\textsuperscript{25} The current review is expected to report its findings in April 2011. It has been given the task of investigating barriers to new Internet-based business models, the cost and complexity of enforcing intellectual property rights, the interaction between intellectual property and competition frameworks, and the complexity and costs faced by smaller companies in accessing services to assist them in protecting and exploiting intellectual property. The findings of this review are awaited with interest.

\textsuperscript{22} At the time of writing this information is not publicly available. First Minister Carwyn Jones has determined that it falls within Section 36 of the *Freedom of Information Act 2000* rendering its release ‘prejudicial to the effective conduct of public affairs’.
\textsuperscript{23} www.bbc.co.uk/news/uk-wales-south-west-wales-11796879
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THE UNDER-UTILIZATION OF TRIPS FLEXIBILITIES BY DEVELOPING COUNTRIES: THE CASE OF AFRICA

Moses Nkomo

ABSTRACT

This paper shall review the national laws of several African countries to assess the incorporation and utilization of TRIPS flexibilities. Kenya is specifically referred to as an example of a country with relatively advanced legislation incorporating TRIPS flexibilities. The practical applications of the enacted flexibilities in Zimbabwe and Zambia shall also be reviewed in order to demonstrate that African countries are undermining their own interests by failing to take full advantage of the TRIPS flexibilities. The effect of Free Trade Agreements (FTAs) on TRIPS flexibilities shall also be discussed with specific reference to the Free Trade Agreement between the United States and Morocco. The use of competition law and policy as a flexibility shall also be assessed with specific reference to the example of South Africa. Comparative analysis shall be undertaken, where appropriate, between the practice in Africa and in other developing regions in Latin America and Asia.

Introduction

There is no doubt that it is a matter of time before the curtain comes down on the Doha Round of Trade Negotiations. It is also beyond doubt that developed countries will not make further concessions regarding the flexibilities enshrined in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). This research is motivated by the fact that despite considerable flexibility enshrined in the patent provisions of the TRIPS Agreement, many African countries appear hesitant to implement and utilize these flexibilities for the benefit of their people.

Further, the global intellectual property system appears to be firmly embedded in one-way traffic leading to higher levels of intellectual property protection. Confirmation of this trend is evidenced by developments such as the ongoing negotiations on the draft Substantive Patent Law Treaty (SPLT) SCP/10/2 and the current wave of Free Trade Agreements and Economic Partnership Agreements. The SPLT negotiations could reduce flexibilities for all member countries, while the bilateral and regional FTAs have significantly cut back on the ability of national governments to provide public goods that involve intellectual property inputs.

M. Moses Nkomo (Zimbabwe) is a Lecturer of Intellectual Property Law at the Department of Private Law, Faculty of Law, University of Zimbabwe in Harare. Mr Nkomo holds a Master's Degree in Intellectual Property (MIP) from the Africa University (jointly sponsored by WIPO and ARIPO). He also holds a Bachelor of Laws (Honours) Degree from the University of Zimbabwe. Mr Nkomo is also a lawyer and Senior Partner at Donsa-Nkomo and Mutangi Legal Practice in Harare, Zimbabwe. He is responsible for the firm's Intellectual Property division. Mr Nkomo is also the Founder of the Zimbabwe Intellectual Property Trust and the Southern Africa Intellectual Property Trust. Both are voluntary organizations which advocate the promotion of Intellectual Property in Zimbabwe and the Southern Africa Region. Mr Nkomo is a member of the Zimbabwe Institute of Patent and Trademarks Agents (ZIPTA) and the Law Society of Zimbabwe.

1 Data on the national legislation was compiled from national patent laws, where these were available. Additional information was found in the reports of the WTO TRIPS Council review of implementing legislation as well as the UNDP Best Practice Report, 2009.

The TRIPS Agreement does provide substantial flexibilities in its patent provisions. These range from pre to post-grant phases of the IP system. Further, the Doha Declaration clarified and cemented the scope and interpretation of TRIPS flexibilities by adopting a rule of interpretation to provide a safeguard for their effective use. However, the Doha Declaration does not provide a mechanism for practical implementation.

Speaking at the advent of the Declaration, Mr Boniface Chidyausiku, Zimbabwe's Ambassador to the World Trade Organization stated, 'The question is now, how do we make it effective? How do we make it deliver the medicines to the people? How do we avoid this Declaration ending up as a dead letter?' Initially, the question of how to make the Doha Declaration workable in practical terms was left unaddressed by the Declaration itself. However, to some extent, the matter was later addressed through the WTO General Council Decision of 30 August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health (the 'Waiver Decision') that was entrenched in the December 2005 Protocol of Amendment.

Whereas the TRIPS Agreement spells out the flexibilities available for developing countries to overcome IP rights-related barriers, it is critical to note that these flexibilities are not self-executing. They do not automatically translate into national legal regimes. Accordingly, it is necessary for specific provisions to be enacted in domestic laws to enable countries to make full use of the flexibilities.

Incorporation of TRIPS flexibilities in national legislation

The flexibilities contained in the TRIPS Agreement, and confirmed by the Doha Declaration allow (a) different types of exceptions to patent rights; (b) compulsory licences to permit third parties to make generic versions of patented medicines; (c) parallel importation through an international exhaustion regime; (d) remedial action against anti-competitive practices; (e) limitation on the types of subject matter on which patents may be granted; (f) accelerating the introduction of generic medicines into the market by allowing third-party testing, manufacturing and exportation for purposes of regulatory approval; (g) refusal of patent term extensions on the basis of regulatory delays in registration of medicines; and (h) permitting regulatory agencies to rely on test data provided by the originator to register generics. However, as noted above, these flexibilities do not automatically translate into national regimes. They must be formally incorporated into the domestic legislation.

Kenya case study

The principal legislation governing patents in Kenya is the Industrial Property Act, which was passed by the Kenyan Parliament in 2001. It was granted presidential assent in July that year and was published a month later in August, 2001. A key focus of the debate during the drafting of the Act

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6 Information on this case study was drawn from papers by Musungu (2002) on the IP Act 2001 and access to medicines in Kenya, Lettington and Munyi 'Willingness and ability to use TRIPS Flexibilities: Kenya case study' (2004).
was the effect of patents on the prices of essential medicines, and the need to incorporate public health safeguards aimed at promoting the availability of essential medicines in Kenya. As a result, the Act incorporates the majority of recognized TRIPS-compatible flexibilities, including expansive interpretations of the principles of international exhaustion of intellectual property rights, parallel importation, government use, and compulsory licensing.

The Act also contains provisions on the Bolar exception and discretionary restrictions on patents whose subject matter may be used to address serious health hazards.

Of particular interest in this study are the provisions relating to parallel importation, compulsory licensing, and government use.

Exhaustion of rights

The 2001 Act adopts an expansive international exhaustion principle. This is a departure from the approach taken under the previous Industrial Property Act, 1989. Section 58(2) of the new Act now provides that: 'The rights under the patent shall not extend to acts in respect of articles which have been put on the market in Kenya or in any other country or imported into Kenya.'

As it currently stands, the text contemplates the valid importation of any products legitimately placed on the market abroad, including products put on the market under compulsory licences.

Voluntary licences

The Industrial Property Act, 2001 makes explicit reference to voluntary licensing. The Act provides that all voluntary licences must be registered with the Kenyan Intellectual Property Institute (KIPI), which retains the right to refuse to register a licensing agreement, if it has not satisfied all the necessary conditions. The Managing Director of KIPI also retains discretionary powers to do so where he or she deems that a voluntary licence, or any provision thereof, imposes a restriction that may be harmful to Kenya's economic interests. To date, two voluntary licences for the production of anti-retrovirals (ARVs) have been concluded. Both involved Cosmos Pharmaceuticals in agreements it entered with GlaxoSmithKline (GSK) and Boehringer Ingelheim (BI).

This mechanism can be made more effective by including a timeframe in the Industrial Property Act, by which negotiations for a voluntary licence must be concluded.

Compulsory licensing

The Kenya Industrial Property Act, 2001 provides narrower scope for compulsory licensing. Unlike the South African Act, which provides four grounds for compulsory licensing, the Kenyan legislation contains only two grounds. These are (a) that the patented invention is not being supplied on reasonable terms in Kenya, and (b) for dependent patents.

The Act goes on to impose several conditions which have to be met before a compulsory licence can be issued. The legislation also sets several limitations. One of these is the provision that a compulsory licence cannot be issued, where the rights holder can prove that there are justifiable reasons why the patented product is not being supplied in Kenya on reasonable terms. Another

7 Section 69.
8 Section 72 (2).
condition is that unless there is a situation of extreme urgency, the applicant for a compulsory licence must demonstrate that a request for a voluntary licence was either not answered within a reasonable time, or that reasonable commercial terms were refused. The Act further requires the applicant for a compulsory licence to provide assurances that the deficiencies in the market supply of the patented product will be remedied. Otherwise, the licence may be revoked.

To date, there has been no compulsory licence issued in Kenya. An application by Cosmos Pharmaceuticals was turned down on the basis that it lacked clarity on whether it sought a government use licence or a compulsory licence sensu stricto. A factor which has been highlighted as hindering the compulsory licensing regime in Kenya is the complexity and legal uncertainty that a judicial interpretation of the provisions might cause. Moreover, the provisions in the Industrial Property Act of 2001 go far beyond the minimum standards set by the TRIPS Agreement. For instance, there is no requirement for a period of extreme urgency to exist before a compulsory licence can be issued under Article 31 of TRIPS. Neither is there a requirement that the applicant must give assurances that the deficiencies in supply will be remedied.

**Government use**

Section 80 of the Industrial Property Act, 2001 provides two grounds for government use of a patented technology. These are (a) where it is considered to be in the public interest; and (b) when exercising their discretion, the Managing Director of KIPI decides that the manner in which the patented invention is being exploited is anti-competitive. In such a case, a recommendation can be made to the Minister of Trade and Industry to issue a government use order.

To date, there has been only one attempt to use the government use provision. In 2003, Cosmos Pharmaceuticals was awarded a tender by the Ministry of Health to supply generic ARVs. The company made an application for a government use order, but before a decision could be made on the application, the company concluded a voluntary licensing agreement with the patent holder.

From the Kenya Intellectual Property Act, 2001, it is notable that the government use flexibility is hampered by the inclusion of restrictive legislative conditions, which are not mandated by the TRIPS Agreement. For instance, the Act states that in cases of government use, consultation, negotiation and the patent holder's permission are required. These are not formal requirements of Article 30 or Article 31 of TRIPS.

However, a commendable feature of Kenya's government use provision is the broad ambit of its 'public interest' grounds. The 'public interest' includes national security, nutrition, health, environmental conservation, and the development of other sectors of the economy, which are considered vital for economic development.

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9 Section 74(1)(a).
10 Section 74(1)(b).
11 Section 80(2).
12 Section 80(1)(b).
Paragraph 6(i) of the Waiver Decision

By virtue of its membership in the East African Community (EAC) together with Tanzania, Uganda, Rwanda and Burundi, Kenya is entitled to export medicines produced or imported under compulsory licensing in its least developed country (LDC) neighbours.

Shortly after the Waiver Decision was announced, Kenyan manufacturing firm Cosmos Pharmaceuticals, which had won a government tender to supply generic ARVs, announced its intention to begin producing drugs for the East African market. When the application for a compulsory licence was made, a conflict developed between the Ministry of Health and the Ministry of Trade and Industry. The former ordered that the company produce generic drugs, while the latter refused to issue a compulsory licence. Eventually, after protracted negotiations with the patent holder, a voluntary licence was concluded.

The potential for Kenya to use the Paragraph 6(i) flexibility was hindered by the differences in the regulations relating to the manufacture, import, export, and distribution of pharmaceutical products in each of the EAC countries. Therefore, there is a need to harmonize the regulatory frameworks in the region. To date, this has not been accomplished. Moreover, the essential drugs produced by the Kenyan manufacturer will have to be included in the WHO’s Essential Drugs List, which entails the high costs of bio-equivalency testing. A similar setback was faced by a South African generic drug manufacturer, Aspen Pharmacare, when it attempted to export ARVs to Ethiopia, Nigeria, Tanzania, and Uganda in June 2005. Therefore, the need for harmonization of regulatory frameworks cannot be over-emphasized.

An overview of the patent legislation in the African countries discussed in this paper, shows that where flexibilities are provided, they are narrow and restrictive. For example, with the exception of the Kenya IP Act of 2001, there are no references to general public interest grounds for granting compulsory licences. It is submitted that where public interest grounds are broadly framed in legislation, it may ensure greater access to medicines by encompassing public health needs.

The majority of countries reviewed provided few grounds for justifying compulsory licence grants. Countries like Burundi, Madagascar, Mauritius, and Rwanda do not include abuse of rights/anti-competitive practices, or other public interest grounds despite the flexibility in Article 31 of the TRIPS Agreement.

**Practical application of TRIPS flexibilities in developing countries**

The TRIPS Agreement recognizes government use of patents through its reference to the concepts of 'public, non-commercial use' and 'patents used by or for the government'. The fact that the Agreement also does not specifically define these terms leaves developing countries with policy space to interpret the term. Many national patent regimes allow government use of patents without the need to grant compulsory licences. This is one of the most widely implemented TRIPS flexibilities in Africa. It has been implemented in Zimbabwe, Zambia and Mozambique. This study will refer to the use of this flexibility in Zimbabwe and Zambia.

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14 Article 31(b) of the TRIPS Agreement.
Zimbabwe’s declaration of a period of emergency

In 2002, Zimbabwe's Minister of Justice issued a notice declaring a period of emergency on HIV/AIDS. This was done for the purpose of enabling 'The State or a person authorized in writing by the Minister to make or use any patented drug, including any anti-retroviral drugs, used in the treatment of persons suffering from HIV/AIDS or HIV/AIDS related conditions.'

The Declaration authorized the local production and use of any patented drug and restricted imports only to generic drugs. The Declaration announced an initial emergency period of six months. Through the Declaration of Period of Emergency on HIV/AIDS Notice, 2003, Statutory Instrument 32 of 2003, this was later extended by another six years from January of that year to December of 2008.

Pursuant to the Declaration, three licences were issued to three companies in 2003. One was for the local production of ARVs, and two were for the importation of ARVs from India.

Varichem Pharmaceuticals (Private) Limited was granted the authority to 'make, use or exercise any invention disclosed in any specification lodged at the Patent Office for the purposes of achieving the objectives of statutory Instrument 32 of 2003'. Under the terms of the authorization, Varichem was directed to produce anti-retroviral or HIV/AIDS-related drugs and to supply three-quarters of its production to state-owned health institutions.

Datlabs, a local pharmaceutical manufacturer, was authorized to import ARVs from Ranbaxy in India. Omahn, an agent for the giant Indian pharmaceutical manufacturer Cipla, was also authorized to import Cipla products.

The impact of the Declaration in ensuring the availability and affordability of medicines was almost immediate. The cost of anti-retroviral stavudine dropped from US$400 (according to the official exchange rate) per patient per month in 2001, to between US$15 and US$30.

Despite the encouraging results, the system was plagued by Varichem's limited capacity, the lack of foreign currency to import active pharmaceutical ingredients, and Zimbabwe's hyper-inflationary environment which rendered the local currency virtually worthless.

Moreover, despite being presented as a government use order, the licensing regime introduced by Statutory Instrument 32 of 2003 was a de facto compulsory licence. This resulted in unnecessarily cumbersome procedures which were not required for a government use order such as the declaration of a period of emergency. Article 31 of the TRIPS Agreement does not require a declaration of emergency prior to government use. The positive impact of the government use flexibility could have been enhanced if it had been employed as part of a deliberate, organized, and systematic scheme of utilizing TRIPS flexibilities.

15 Information on this case study was largely drawn from local media reports, information available on the Internet (http://cptech.org/ip/health/c/zimbabwe/zim05242002) as well as from a report published by the Common Market for Eastern and Southern Africa (COMESA) and interviews with officials from the Ministry of Justice, Legal and Parliamentary Affairs and the Medicines Control Authority of Zimbabwe (MCAZ).
18 Information from the Medicines Control Authority of Zimbabwe.
Implementation of the compulsory licensing flexibility in a least developed country: the case of Zambia

Zambia is classified as a Least Developed Country (LDC), with a GDP per capita of US$870 in 2001. The nation was ranked 143rd out of 162 countries surveyed in the UNDP's Human Development Index (HDI) in 2001.20

LDCs were initially expected to become TRIPS compliant in 2006, with an additional ten-year extension until 2016 granted for pharmaceuticals. However, the TRIPS Council decision of 29 November 2005 extended the time for full compliance to 1 July 2013, while the deadline for pharmaceuticals remained 2016. There are a number of flexibilities that LDCs, such as Zambia, could utilize by enacting domestic legislation. They have the flexibility to continue to provide either no patent protection at all for pharmaceuticals, or to provide patent protection for a period less than the minimum 20-year term. Like Zimbabwe, Zambia first declared a state of emergency before proceeding with its compulsory licensing order.21

The justification of the compulsory licence was that the patent holders of the three ARVs in question were not able to come to an agreement on the manufacture of a Fixed Dose Combination (FDC), which was imperative to the Government’s AIDS treatment plan. A tender was awarded to a local manufacturer to produce the Fixed Dose Combination for use only in Zambia, with a royalty cap of 2.5 per cent being paid to the patent holders.

The Zambian case study is significant in a number of ways. It is a classical illustration of how developing countries undermine their full enjoyment of the available flexibilities under TRIPS. To start with, Article 31 of the TRIPS Agreement neither requires a state of emergency, nor does it limit the unilateral issue of government or 'public, non-commercial use' orders to specific diseases. However, instead of opting for a government use order, the Zambian Government opted for a compulsory licence, which for non-emergency situations requires consultations and negotiations for reasonable commercial terms with the rights holder.

Secondly, subsequent research revealed that the two rights holders concerned had not applied for, and did not hold corresponding patents in Zambia.

Thirdly, the royalties were significantly higher than what Zambia could bargain for on the basis of its position on the Human Development Index (HDI). According to the WHO/UNDP Royalty Paper, based on the HDI royalty rates, Zambia's compulsory licence could have been limited to a 0.32 per cent margin.22

Like many LDCs in Africa, Zambia has not taken advantage of its LDC status to delay full patent protection for pharmaceuticals. The only territory that has amended its legislation to take advantage of the transition period flexibility in Africa is Zanzibar. Section 3(1)(x) of the Zanzibar Industrial Property Act of 2008 excludes from patentability 'Pharmaceutical products and processes until 1 January 2016 or the expiry of such later period of extension agreed upon by the WTO TRIPS Council.'

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22 Available online at http://www.who.int/medicines/areas/technical_cooperation/WHOTCM2005.1OMS.pdf
Zambia and other LDCs should consider amending their patent legislation to take advantage of the transition period flexibility, and to broaden its compulsory licensing regime by incorporating more public interest grounds for issuing compulsory licences.

The use of competition law and policy as a flexibility: the case of South Africa

The majority of patent laws reviewed in this study provide for compulsory licensing to remedy anti-competitive practices. However, their most significant setback is that they do not have the necessary legislation and infrastructure to enhance the effectiveness of their IP competition frameworks.

The use of competition law and policy provides developing countries with several advantages, including (a) the TRIPS Agreement gives Members considerable flexibility in implementing competition frameworks most appropriate for their purposes; (b) countries have the flexibility to define what constitutes anti-competitive behaviour; (c) competition law and policy is well suited for implementation by an independent competition authority vested with extensive investigative powers; and (d) competition law and policy have been successfully used by South African activists and stakeholders to reduce the prices of essential medicines.

South Africa has one of the most advanced regulatory frameworks integrating TRIPS flexibilities. These are included in three Acts, namely, the *Patents Act* (Act No. 57 of 1978)\(^{24}\), the *Medicines and Related Substances Control Act* (Act 101 of 1965, as amended)\(^{25}\), and the *Competition Act* (Act No. 200 of 1993).\(^{26}\) To date, the Competition Commission has heard two cases challenging anti-competitive practices in the pharmaceutical sector, including restrictive practices and abuse of dominant position.

In the first case of *Hazel Tau and Others v. GlaxoSmithKline and Boehringer Ingelheim*\(^{27}\), the complainants alleged that the prices charged by the patent holders for their essential medicines were directly responsible for the premature, predictable and avoidable loss of lives. The Competition Commission found both companies guilty of excessive pricing and for failing to licence generic manufacturers in circumstances which the Commission felt deserved such licences. For instance, the companies were selling the patented drugs at much lower prices in other countries, especially in Europe. The matter was referred to the Competition Tribunal for a ruling. However, in a bid to avoid a damaging precedent, the two companies entered into a number of agreements, which allowed generic versions of their patented products to become available in South Africa for the first time.\(^{28}\)

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27 See *The Price of Life: Hazel Tau and others v. GlaxoSmithKline and Boehringer Ingelheim*, page 5, available online at www.alp.org.za/modules.php/op=modload&name=news&article&sid=222

28 See T. Avafia et al., supra in footnote 13.
The second case, *Treatment Action Campaign v. Bristol-Myers Squibb (BMS)*\(^{29}\), came about when civil society groups threatened to lodge an excessive pricing complaint against BMS for charging inflated prices for a product that was off patent, but for which the patent holder still held a *de facto* monopoly. Moreover, the patent holder was charging far lower prices for the product in some developed countries. The matter was settled out of court with BMS agreeing to slash prices by approximately 80 per cent.\(^{30}\)

These two cases demonstrate the potency of competition law and policy as a resource available to developing countries. It has also been observed that 'despite these two legal successes, there are ways in which the *Competition Act* could be amended to increase its effectiveness as a tool for reducing prices of essential medicines'.\(^{31}\) This includes adding a provision in the Act to confer power on the Commission to issue compulsory licences, to recommend a suggested royalty rate in the event of such an order, and to expressly allow for the export of products produced under compulsory licences.

### The impact of Free Trade Agreements on the utilization of TRIPS flexibilities

The foregoing discussion clearly demonstrates that the TRIPS Agreement affords developing countries substantial flexibility in the implementation of their intellectual property obligations under the Agreement. However, it is common knowledge that the United States has sought to undermine the utilization of these flexibilities through bilateral and regional Free Trade Agreements (FTAs). In various notification letters to Congress regarding negotiations of FTAs, the US Trade Representative (USTR) stated that the main objective of negotiating FTAs was 'to enhance the levels of protection of intellectual property in third countries beyond TRIPS and to have the 3rd countries apply levels of protection that are in line with United States law and practices'.\(^{32}\)

It is the declared policy of the United States to increase intellectual property protection. Through FTAs and trade and investment framework agreements (TIFAs), it is seeking 'higher levels of intellectual property protection in a number of areas covered by the TRIPS Agreement'.\(^{33}\)

It is important to note that under Section 301 of the *United States Trade Act*, there are provisions (known as Special 301 provisions) that include a range of categories under which countries perceived to have policies adverse to US interests may be listed. Section 301 also provides investigatory powers and remedies that are meant to 'persuade' other nations to yield to US demands and views on intellectual property protection.\(^{34}\) Under the Special 301 provisions, mere compliance with the TRIPS Agreement does not amount to adequate and effective intellectual property protection.

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\(^{29}\) Ibid.

\(^{30}\) Ibid.

\(^{31}\) Ibid.

\(^{32}\) See various letters of notification available online at http://www.ustr.gov


\(^{34}\) Under Special 301, countries that have what the United States considers the most egregious acts, polices or practices or whose acts, policies or practices have the greatest adverse impact (actual or potential) on relevant US products and are not engaged in good faith negotiations to address these problems, may be identified as 'priority foreign countries'. If so identified, such a country could face bilateral US trade sanctions, if changes are not made (in the laws, policies or practices) that address the US concerns. In the 2004 Special 301 Report, Ukraine, China and Paraguay were listed as priority foreign countries. (Musungu and Oh, 'The Use of Flexibilities in TRIPS by Developing Countries: Can they Promote Access to Medicines?', South Centre, (April 2006), page 76.
The United States uses the Special 301 mechanism to push developing countries into enacting TRIPS-plus legislation or to discontinue their exercise of TRIPS flexibilities.

Seeking higher levels of protection beyond TRIPS and requiring developing countries to apply standards similar to the United States suggests that the net effect of the FTAs is to curtail the use of legitimate flexibilities under the TRIPS Agreement, including compulsory licensing.

The US approach also suggests that even where flexibilities are preserved, their interpretation may be construed very narrowly. This generally aggressive approach to intellectual property rights is evident even beyond the FTAs. For example, in the 2004 Special 301 Report, the US Trade Representative asserted that under Article 39.3, ‘the TRIPS Agreement recognizes that the original applicant should be entitled to a period of exclusivity … During this period of exclusive use, the data cannot be relied upon by regulatory officials to approve similar products’.

However, the text of Article 39.3 of the TRIPS Agreement does not mandate data exclusivity nor does it prohibit reliance on test data by public officials. It simply provides that Members ‘shall protect such data against unfair commercial use’.

In Africa, the only country that has concluded a FTA with the United States is Morocco. In terms of Article 15.10 of the United States-Morocco Agreement, Morocco is required to grant data exclusivity way beyond what is provided for under Article 39 of TRIPS. While Article 39.3 of the TRIPS Agreement envisages protection of test data submitted to governments to meet regulatory approval, Article 15.10 goes far beyond this requirement, and introduces many layers of protection. The FTA provides for a mandatory five-year period of test data exclusivity. Article 39.3 only requires the application of unfair competition rules as opposed to exclusivity. This is calculated to prevent generic drug manufacturers from relying on test data submitted by originator companies.

The United States-Morocco FTA does not provide for an exception to data exclusivity, even where it is necessary for the protection of public health. The FTA also seeks to define patentability criteria such as ‘utility’ (as a criteria for patentability), so as to conform to the US standard. The FTA also requires Morocco to provide patents for plants and animals, as well as to grant patents for new uses of known pharmaceutical products. This makes the ever-greening of patents relatively easy. It also delays the entry of generic medicines into the market with potentially catastrophic consequence. The FTA also prohibits, or at the very least restricts, parallel importation.

The foregoing discussion clearly shows that FTAs may undermine the use of TRIPS flexibilities by developing countries. They may be used to frustrate the object and purpose of intellectual property regimes, such as those provided through the TRIPS flexibilities. Such FTAs do not contribute to the promotion of technological innovation or the transfer of technology. Neither do these FTAs contribute to the realization of mutual benefits by producers and users of technological knowledge, in a manner that is conducive to social and economic welfare. Instead, they maintain the advantages that developed countries enjoy over developing countries.

FTAs constitute the worst risk to the utilization and enjoyment of TRIPS flexibilities by developing countries. Those developing countries that have already entered into such agreements should find ways of mitigating the resulting damages. Those that are negotiating FTAs must be vigilant so that they do not lose the flexibilities provided by the TRIPS Agreement.

35 See Article 15.9(2).
Recommendations for maximizing use of the flexibilities

National level

- There is a need for developing countries to develop legal, technical and institutional capacities, and to develop the necessary expertise for using the TRIPS flexibilities at the local level. As noted earlier, one of the major problems is developing countries' lack of awareness and legal expertise necessary to incorporate and implement the flexibilities. For example, the use of competition law and policy as demonstrated by South Africa would require substantial infrastructure and expertise, which currently does not exist in many developing countries. The same applies to the regulation and post-marketing surveillance of medicines.

- African countries must engage in a deliberate and systematic revision of their legislation, so they can take full advantage of the public health safeguards and regulatory flexibilities permitted by the TRIPS Agreement.

- Instead of focussing on remedial flexibilities that merely mitigate the repercussions of intellectual property abuse, greater attention must be paid to those flexibilities with preventative effects. This would require diligent and competent policymaking, as well as for lawmakers to provide the necessary legal and policy frameworks.

- Legal reforms must be shaped by developmental objectives, industrial policy and strategic economic interest. While compliance with the TRIPS Agreement is an obligation, the major consideration in legal reform should be national strategic interests. African countries must not trade off the flexibilities provided under the TRIPS Agreement for ambiguous benefits, such as market access, which have no direct relationship with the policy objectives of developing countries. Patent law reform must facilitate the development of local pharmaceutical manufacturing capacities; allow for the widest possible scope of parallel importation; establish a simple and expeditious procedure for compulsory licensing; provide for extensive flexibility for the use of Bolar Exceptions; and disallow data exclusivity.

- There is a need for the harmonization of laws and regulatory frameworks to facilitate South-South cooperation. For example, South Africa has not taken full advantage of the flexibilities available to it through the TRIPS Agreement for exporting larger volumes of essential generic medicines to other African countries. This has been due to factors such as the lack of licences, inadequate domestic legal frameworks in most target African countries, and the incompatibility of the regulations of specific domestic systems.

- There must be a deliberate policy to safeguard TRIPS flexibilities when negotiating bilateral and regional FTAs. This may be done through regional frameworks such as that created by the Andean Community.

Recommendations for regional integration and cooperation

In addition to measures that may be taken at a national level, there is an opportunity for developing countries to adopt a regional approach to tackling the constraints they face in fully utilizing TRIPS flexibilities. A regional approach is a logical and beneficial step that can provide creative solutions founded on common purpose, cooperation, collaboration, and collective action.
Such an approach can help address a number of constraints that individual countries face in utilizing flexibilities, by adopting complementary policy and legal measures.

_Devolving local technical expertise in the use of TRIPS flexibilities_

A regional approach would see countries benefiting from the pooling of financial, human and other resources that currently exist in each country. For example, South Africa could provide valuable experience in dealing with lawsuits filed by pharmaceutical companies against the government, the recent decisions by the Competition Commission against GlaxoSmithKline and Boehringer Ingelheim, and the pressures from the United States. These experiences would benefit many other countries in the SADC region.

Further, a Regional Economic Community (REC), such as SADC or COMESA, could establish a division to help member countries address intellectual property matters within its Secretariat. Such a body would assist them in training and research. It would also provide a forum for discussion and the exchange of information on best practices with respect to the use of TRIPS flexibilities.

_Addressing the problem of insufficient manufacturing capacity_

In order to address the problem of insufficient manufacturing capacity by operationalizing the Waiver Decision, developing countries could establish a regional compulsory licensing system, as was implemented by the African Intellectual Property Organisation (OAPI). Where there are no regional patents, a system of mutual recognition of compulsory licences could be established, whereby members of an REC can issue their own licences based on the issuance in other member countries.

_Developing technical and infrastructural capacities for the regulation of medicines_

Regional coordination on regulatory issues will offer significant benefits for developing countries, and will help them overcome current constraints in this regard. The existing institutional frameworks in RECs can be used to address challenges in drug registration, post-marketing surveillance, development of essential medicines lists, medicines policies, and rules on pharmaceutical advertising and labelling.

_Establishing efficient pharmaceutical management and procurement systems_

Significant cost savings, efficiency and other benefits can accrue to developing countries through regional pooled procurement frameworks. Member countries would jointly conduct a tender process through an entity acting on their behalf, and a central purchasing agency managing purchases on behalf of all member countries.

_Resisting bilateral and other TRIPS-plus pressures_

Regional cooperation has the potential of enhancing political capacities and the economic clout of developing countries. The establishment of regional Non-Governmental Organization (NGO) and Community-Based Organization (CBO) networks should be facilitated through RECs. These could play a significant role in resisting bilateral and other pressures to implement TRIPS-plus measures, as was the case in the South African medicines cases.
Regional competition enforcement mechanisms

The enforcement of market competition is critical in ensuring a thriving pharmaceutical industry that facilitates lower prices and ensures the availability of essential medicines. Individual countries lacking expertise, as well as economic and political clout, should work within REC frameworks in order to enforce competition rules.

Ultimately, the conclusion is that though the TRIPS system may not be the optimal framework for developing countries, it still provides them with substantial flexibilities. If these flexibilities are effectively incorporated and implemented, they could go a long way in ensuring the protection and promotion of the public interest in developing countries, especially in the area of public health. All that is required is skilful lawyering, political will, determination, and coordinated planning at both the local and regional levels. The use of TRIPS flexibilities is analogous to 'tight-rope' walking; with the will and skill, they can be made to work effectively for the benefit of developing countries.
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ANNEXES

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ANNEX II  WIPO-WTO COLLOQUIUM FOR TEACHERS OF INTELLECTUAL PROPERTY: LIST OF PARTICIPANTS
ANNEX I

WIPO-WTO COLLOQUIUM FOR TEACHERS OF INTELLECTUAL PROPERTY: PROGRAMME SCHEDULE

Organized by

The World Intellectual Property Organization (WIPO) and

The World Trade Organization (WTO)

Geneva, June 28 to July 9, 2010

Under each session, an introductory presentation will be made by a representative of the WIPO or the WTO Secretariat. Ample time will be provided for comments and questions from participants. In certain sessions, Geneva-based delegates and other participants with responsibility for current policy issues will also be invited to give their perspectives.
Venue: June 28 –July 2, 2010, Room Ulrich Uchtenhagen, WIPO Main Building

Monday, June 28, 2010

9.00 – 9.30 Administrative Formalities

9.30 – 10.00 Opening Remarks

Mr Geoffrey Onyeama, Deputy Director General, World Intellectual Property Organization (WIPO)

10.00 – 10.30 Introduction of Participants

10.30 – 10.45 Coffee Break

10.45 – 12.15 Theme 1 Setting the Policy Context: Overview of International Law and Policy in Intellectual Property in 2010

10.45 – 11.15 Mr Marcelo Di Pietro, Senior Advisor, Office of the Director General, WIPO

11.15 – 11.45 Mr Antony Taubman, Director, Intellectual Property Division, WTO

11.45 – 12.15 Discussion

12.15 – 13.30 Lunch Break

13.30 – 15.00 WIPO Seminar on The Economics of Intellectual Property

15.00 – 15.15 Coffee Break

15.15 – 16.45 Theme 2 Intellectual Property in a Trade Law Setting

15.15 – 16.00 Mrs Jayashree Watal, Counsellor, Intellectual Property Division, WTO

16.00 – 16.15 The Use of TRIPS Flexibility

Mr Moses Nkomo, Participant from Zimbabwe

16.15 – 16.45 Discussion

16.45 – 18.15 Theme 3 Intellectual Property and Economic Development

16.45 – 17.15 Mr Antony Taubman, WTO

17.15 – 17.45 Mr Carsten Fink, Chief Economist, Economic Studies, Statistics and Analysis Division, WIPO

17.45 – 18.15 Discussion

18.15 - 20.00 Reception
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<td>14.00 – 14.45</td>
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<td>Mrs Tomoko Miyamoto, Head, Patent Law Section, Patents and Innovation Division, WIPO</td>
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<td>14.45 – 15.30</td>
<td></td>
<td>Mrs Jayashree Watal, WTO</td>
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</table>
15.30 – 16.00 Discussion

16.00 – 16.15 Coffee break

16.15 – 17.30 Theme 9 (cont’d) Recent Developments in the Patent Cooperation Treaty (PCT)

16.15 – 17.00 Mr Matthew Bryan, Director, Patent Cooperation Treaty (PCT) Legal Division, Innovation and Technology Sector, WIPO

17.00 – 17.30 Discussion

17.30 – 17.45 Distribution of the hypothetical Case for Successful Technology Licensing (STL) Exercise

Thursday, July 1, 2010

9.00 – 12.30 Theme 10 Intellectual Property and Public Health: the Current International Policy Landscape

9.00 – 9.45 Mr Hans Georg Bartels, Senior Program Officer, Public Health and Life Sciences Section, Global Challenges Division, Global Issues Sector, WIPO

9.45 – 10.30 Mr Roger Kampf, Counsellor, Intellectual Property Division, WTO

10.30 – 10.45 Discussion

10.45 – 11.00 Coffee Break

11.00 – 11.45 Theme 10 (cont’d) Mr Roger Kampf, WTO

11.45 – 12.00 Generic Drugs in East European Countries Dr. Nadia Ianeva, Participant from Bulgaria

12.00 – 12.30 Discussion

12.30 – 14.00 Lunch Break

14.00 – 17.00 Theme 11 Options and Strategies under the TRIPS Agreement for Access to Medicines: Current State of Play of Implementation

14.00 – 14.30 Dr. Peter Beyer, Technical Officer, WHO Secretariat on Public Health, Innovation and Intellectual Property, WHO

14.30 – 15.00 Mr Antony Taubman, WTO
15.00 – 15.15 Coffee Break

15.15 – 15.35 Mr Andrew Jenner, Director of Intellectual Property, International Federation of Pharmaceutical Manufacturers Association

15.35 – 15.55 Ms Ellen ’t Hoen, Senior Adviser, Intellectual Property and Medicines Patent Pool, UNITAID

15.55 -16.15 Katy Athersuch, Medical Innovation & Access Policy Adviser, MSF

16.15- 17.00 Discussion

Friday, July 2, 2010

8.30 – 9.30 Theme 12 International Convention for the Protection of New Varieties of Plants (UPOV)

8.30 – 9.15 Mr Rolf Jördens, Vice Secretary-General, UPOV

9.15 – 9.30 Discussion

9.30 – 10.30 Theme 13 Transfer of Technology and Successful Technology Licensing (STL)

9.30 -10.15 Mr Ali Jazairy, Head, Innovation and Technology Transfer Section, Patents and Innovation Division, Innovation and Technology Sector, WIPO

Mrs Olga Spasic, Senior Program Officer, Innovation and Technology Transfer Section, Patents and Innovation Division, Innovation and Technology Sector, WIPO

10.15 – 10.30 Discussion

10.30 – 10.45 Brief discussion with Dr. Francis Gurry, Director General of the World Intellectual Property Organization

10.45 – 11.00 Coffee Break

11.00 – 11.30 Theme 14 Successful Technology Licensing (STL) Exercise: Develop Key Elements of the Negotiation Strategy

Mrs Olga Spasic, WIPO
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<tr>
<th>Time</th>
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<tr>
<td>11.30 - 13.00</td>
<td>Theme 15</td>
<td><strong>Intellectual Property Law and Public Policy: The Current Research Agenda</strong></td>
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<td>11.30 – 12.00</td>
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<td>Mr Antony Taubman</td>
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<td>12.00 – 12.30</td>
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<td>Mr Edward Kwakwa, Legal Counsel, Office of the Legal Counsel, WIPO</td>
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<td>12.30 – 13.00</td>
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<td>Lunch Break</td>
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<tr>
<td>14.00 – 17.30</td>
<td>Theme 16</td>
<td><strong>Intellectual Property and Climate Change</strong></td>
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<td>14.00 – 14.45</td>
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<td>Mr. Antony Taubman, WTO</td>
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<td>14.45 - 15.30</td>
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<td>Mr Thomas Bombelles, Consultant, Global Challenges Division, Global Issues Sector, WIPO</td>
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<td>15.45 – 17.30</td>
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<td>Panel Discussion</td>
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<td>Mr Antony Taubman, WTO</td>
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<td>Mr Thomas Bombelles, WIPO</td>
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<td>Ms Anna Autio, UNEP</td>
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<td>Mr Ahmed Abdel Latif, Intellectual Property and Technology Programme Manager, ICTSD</td>
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<td>Mr Thaddeus J. Burns, Senior Intellectual Property Counsel, General Electric</td>
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**Venue:** **July 5-9, 2010, Room A at the Centre William Rappard, WTO**

**Monday, July 5, 2010**

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<tr>
<th>Time</th>
<th>Theme 17</th>
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<tr>
<td>9.00 – 9.15</td>
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<td>Administrative matters</td>
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<td>9.15 – 12.15</td>
<td>Theme 17</td>
<td><strong>Trademark and Industrial Designs: The Current International Landscape</strong></td>
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<td>9.15 – 10.00</td>
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<td>Mr Wolf Meier-Ewert, Legal Affairs Officer, Intellectual Property Division, WTO</td>
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<td>10.00 – 10.45</td>
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<td>Mr Marcus Höppergger, Acting Director, Brands and Designs Division, Trademarks, Industrial Designs and Geographical Indications Sector, WIPO</td>
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<td>10.45 – 11.00</td>
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<td>Discussion</td>
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</table>
11.00 – 11.15  Coffee Break

11.15 – 11.30  The Protection of Smell Trademark in Argentina
Ms Mariela Borgarello, Participant from Argentina

11.30 – 11.45  Individualizing Designations: Legal Regulation and Law Enforcement Problem
Ms Valentina Orlova, Participant from Russia

11.45 – 12.15  Discussion

12.15 – 14.00  Lunch Break

14.00 – 15.45  Theme 18  Intellectual Property, Electronic Commerce, Internet Domain Name Disputes and the WIPO Arbitration and Mediation Centre

14.00 – 14.45  Mr Erik Wilbers, Director, WIPO Arbitration and Mediation Center, Global Issues Sector, WIPO

14.45 – 15.00  Interface between Trademarks and Domain Names – Legal Challenges
Ms Poonam Dass, Participant from India

15.00 – 15.15  SMEs and E-Business Strategy
Mr Andrew John Beale, Participant from the United Kingdom

15.15 – 15.45  Discussion

15.45 – 16.00  Coffee Break

16.00 – 17.30  Theme 19  Public Health Case Study and Exercises: Introduction of Case Study and Exercises and Group Preparatory Work

Mr Roger Kampf and Mrs Xiaoping Wu, WTO

Tuesday, July 6, 2010

9.00 – 10.15  Theme 19 (cont’d)  Public Health Case Study and Exercises: Group Report and Discussion

Mr Roger Kampf, WTO

10.15 – 10.30  Coffee Break
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<tr>
<th>Time</th>
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<tr>
<td>10.30 – 12.00</td>
<td>Theme 20</td>
<td><strong>Biotechnology:</strong> Review of Article 27.3 (b) of the TRIPS Agreement</td>
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<td>10.30 – 11.15</td>
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<td>Mrs Xiaoping Wu, Counsellor, Intellectual Property Division, WTO</td>
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<td>11.15 – 11.30</td>
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<td><em>Plant Breeders Right Law in Indonesia</em></td>
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<td>Mr Ranggalawe Suryasaladin Sugiri, Participant from Indonesia</td>
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<td>11.30 – 12.00</td>
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<td>12.00 – 14.00</td>
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<td><em>Lunch Break</em></td>
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<td>14.00 – 15.45</td>
<td>Theme 21</td>
<td><strong>Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore: the Current International Landscape and Future Directions</strong></td>
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<td>14.00 - 14.45</td>
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<td>Mrs Olga Begona Venero Aguirre, Head, Genetic Resources and Traditional Knowledge, Department for Traditional Knowledge and Global Challenges, Global Issues Sector, WIPO</td>
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<td>14.45 – 15.00</td>
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<td><em>The Right of Indigenous Community in the Protection of Biological Resources and Traditional Knowledge</em></td>
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<td>Ms Naazima Kamardeen, Participant from Sri Lanka</td>
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<td>15.00 - 15.15</td>
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<td><em>The Protection of Traditional Knowledge</em></td>
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<td>Mr Abdallah Gonzi, Participant from Tanzania</td>
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<td>15.15 – 15.45</td>
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<td>15.45 – 16.00</td>
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<td><em>Coffee Break</em></td>
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<td>16.00 – 17.55</td>
<td>Theme 22</td>
<td><strong>Relationship between the TRIPS Agreement and the Convention on Biological Diversity; Protection of Traditional Knowledge and Folklore: Recent Developments in the WTO</strong></td>
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<td>16.00 – 16.30</td>
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<td>Mrs Jayashree Watal, WTO</td>
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<td>16.30 – 16.50</td>
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<td>Mr Jose Estanislau do Amaral, TRIPS Council delegate from Brazil</td>
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<td>16.50 – 17.10</td>
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<td>Ms Katherine Willcox, TRIPS Council delegate from Australia</td>
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<td>17.10 – 17.25</td>
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<td><em>Biotechnology Law Policy in Malaysia and Other Developing Countries</em></td>
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<td>Ms Nor Ashikin Mohamed Yusof, Participant from Malaysia</td>
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<td>17.25 - 17.55</td>
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<td>Discussion</td>
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**ix**
Wednesday, July 7, 2010

9.00 – 12.30  Theme 23  Enforcement of Intellectual Property

9.00 – 9.45  Mr Roger Kampf, WTO

9.45 – 10.30  Mrs Heike Wollgast, Senior Legal Officer, Building Respect for Intellectual Property Division, Global Issues Sector, WIPO

10.30 - 10.45  Discussion

10.45 – 11.00  Coffee Break

11.00 – 12.15  Theme 23 (cont’d)  Enforcement of Intellectual Property

11.00 – 11.15  Strategic Action Against Piracy (STRAP) in Nigeria
Mr. Adewole Adedeji, Participant from Nigeria

11.15 – 11.30  Enforcement of Intellectual Property in China
Mr Jianqiang Nie, Participant from China

11.30 – 11.45  Criminal Code in the Republic of Moldova
Mr Dorian Chirosca, Participant from Republic of Moldova

11.45 - 12.15  Discussion

12.15 – 14.00  Lunch Break

14.00 – 15.15  Theme 24  WTO Dispute Settlement and the TRIPS Agreement

14.00 – 14.45  Mr Hannu Wager, WTO

14.45 – 15.15  Discussion

15.15 – 15.30  Theme 25  WTO Dispute Settlement Exercises: Introduction of Exercises

15.15 – 15.30  Mr Hannu Wager, WTO

15.30 – 15.45  Coffee Break

15.45 - 16.30  Theme 26  Notifications and other WIPO/WTO Documentation as Tools for Intellectual Property Research

15.45 – 16.00  Mrs Martha Chikowore, Training officer, WIPO Academy, WIPO

16.00 – 16.15  Mrs Xiaoping Wu, Counsellor, Intellectual Property Division, WTO

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Thursday, July 8, 2010

9.00 – 10.00  Theme 13  Intellectual Property and Transfer of Technology and Licensing

9.00 – 9.30  Mrs Xiaoping Wu, WTO

9.30 – 9.45  *Transfer of Technology in Latin American Countries: a Matter of Culture and Trust*
Ms Martha Laura Lopez Orue, Participant from Mexico

9.45 -10.00  Discussion

10.00 – 10.15  Coffee Break

10.15 – 12.00  Theme 25  WTO Dispute Settlement Exercises: Group Preparation

12.00 – 14.00  Lunch Break

14.00 – 15.30  Theme 27  Teaching, Training and Research in the Field of Intellectual Property: WIPO Academy Activities

14.00 – 14.45  Mr Tshimanga Kongolo, Officer-in-Charge, WIPO Academy

14.45 – 15.00  *Intellectual Property Teaching in the Region of South Eastern Europe*
Mr Goce Naumovski, Participant from Macedonia

15.00 – 15.15  *An Overview On the University of Khartoum's IP Academy*
Mr Abobar Elkhair Ahmed Dafalla, Participant from Sudan

15.15 – 15.30  Discussion

15.30 – 15.45  Coffee Break

15.45 – 17.30  Theme 25  WTO Dispute Settlement Exercises: Group Reports and Discussion

Mr Hannu Wager and Mr. Wolf Meier-Ewert, WTO

Friday, July 9, 2010

9.00 – 10.30  Theme 28  Round Table on Intellectual Property Teaching

Mr Tshimanga Kongolo, WIPO
10.30 – 10.45  

Coffee Break

10.45 – 12.00  

Theme 29  

Evaluation of the Colloquium

10.45 - 12.00  

Mr Marcelo Di Pietro, WIPO

Mr Hannu Wager, WTO

12.00 - 12.20  

Closing Remarks

Mr Pascal Lamy, Director-General of the World Trade Organization
WIPO-WTO COLLOQUIUM FOR TEACHERS OF INTELLECTUAL PROPERTY: LIST OF PARTICIPANTS

Organized by

the World Intellectual Property Organization (WIPO)

and

the World Trade Organization (WTO)

Geneva, June 28 to July 9, 2010
I. FINANCED PARTICIPANTS

ARGENTINA

Mariela BORGARELLO (Ms), Chair, Jurisprudence on Intellectual Property Rights, Latin American Faculty of Social Sciences (FLACSO-Argentina), Buenos Aires

BRAZIL

Allan SOUZA, Professor, Universidade Federal Rural do Rio de Janeiro (UFRRJ), Universidade Federal do Rio de Janeiro (UFRJ), Rio de Janeiro

CHINA

NIE Jianqiang, Professor of Law, School of Law, Wuhan University, Wuhan

ETHIOPIA

Eshete MANDEFRO, Assistant Professor, Addis Ababa University, Addis Ababa

GUATEMALA

Carlos H. RIVERA CARRILLO, Professor of Copyright, Faculty of Law, University of San Carlos of Guatemala (USAC), Guatemala City

INDIA

Poonam DASS (Ms), Assistant Professor, Law Centre, Faculty of Law, University of Delhi, New Delhi

INDONESIA

Ranggalawe Suryasaladin SUGIRI, Lecturer, Intellectual Property Consultant, Universitas Indonesia (UI), Kota Depok

MALAYSIA

Nor Ashikin MOHAMED YUSOF (Ms), Senior Lecturer, Deputy Director, University of Technology Malaysia, Kuala Lumpur

MEXICO

Martha Laura LOPEZ ORUE (Ms), Strategic Intellectual Property Manager, National Autonomous University of Mexico (UNAM), Mexico City

NIGERIA

Adewole ADEDEJI, Senior Lecturer, Department of International Law, Faculty of Law, Obafemi Awolowo University, Ile-Ife
REPUBLIC OF MOLDOVA
Dorian CHIROSCA, Associate Professor, Moldova State University, Kishinev

RUSSIAN FEDERATION
Valentina OROLOVA (Ms), Professor, Chair of Industrial Property Law, Russian State Institute of Intellectual Property (RGIIS), Moscow

SRI LANKA
Naa zima KAMAR DEEN (Ms), Lecturer, University of Colombo, Colombo

SUDAN
Abobakr ELKHAIR AHMED DAFALLA, Lecturer of IP Law, Commercial Law Department, Faculty of Law, University of Khartoum, Khartoum

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA
Goce NAUMOVSKI, Professor, Cyril and Methodius University, 'Lustinianus Primus' Faculty of Law, Skopje

UNITED REPUBLIC OF TANZANIA
Abdallah GONZI, Assistant Lecturer, Faculty of Law, University of Dar es Salaam, Dar es Salaam

VIET NAM
NGUYEN Thanh Tu, Lecturer of Law, Ho Chi Minh City School of Law, Ho Chi Minh City

ZIMBABWE
Moses NKOMO, Lecturer of IP Law, Private Law Department, Faculty of Law, University of Zimbabwe, Harare

II. SELF-FINANCING PARTICIPANTS

BULGARIA (IN GERMANY)
Nadia IANEVA (Ms), Lecturer, University of Bremen, Bremen, Germany

UNITED KINGDOM
Andrew John BEALE, Head, Department of Professional Studies, Swansea University, Wales
Ms Martha Chikowore  
Training Officer - WIPO Academy  
World Intellectual Property Organization (WIPO)  
Tel: +41 (0)22 338 8585  
Fax: +41 (0)22 740 1417  
Email: martha.chikowore@wipo.int

Ms Xiaoping Wu  
Counsellor - Intellectual Property Division  
World Trade Organization (WTO)  
Tel: +41 (0)22 739 5256  
Fax: +41 (0)22 739 5790  
Email: xiaoping.wu@wto.org