

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG11/W/14

20 October 1987

Special Distribution

Group of Negotiations on Goods (GATT)

Original: English

Negotiating Group on Trade-Related Aspects
of Intellectual Property Rights, including
Trade in Counterfeit Goods

SUGGESTION BY THE UNITED STATES FOR
ACHIEVING THE NEGOTIATING OBJECTIVE

The attached communication, dated 19 October 1987, has been received from the Office of the United States Trade Representative in Geneva.

UNITED STATES PROPOSAL FOR NEGOTIATIONS ON
TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

Introduction

Intellectual property rights promote innovation and intellectual creativity. Their protection and enforcement are essential to the expansion of international trade, investment, economic development, and, as some countries have noted, the beneficial distribution of technology. Strong protection improves and expands the industrial base of developing as well as developed countries.

The Punta del Este Declaration recognizes the relationship between trade and the protection and enforcement of intellectual property rights. Inadequate and ineffective protection and enforcement of intellectual property rights result in trade distortions and impairment of concessions previously negotiated. Among the principal causes of trade distortions and nullification of concessions are inadequate international norms and lack of effective means for enforcing international obligations. Losses as a result of counterfeiting and piracy to the trading system as a whole have been extensive and are growing.

The present international intellectual property regimes -- primarily the Berne Convention for the Protection of Literary and Artistic Works in the copyright area and the Paris Convention for the Protection of Industrial Property in the area of patents and trademarks -- have assisted in producing the level of intellectual property protection available today. These conventions are not, however, sufficient to stop the extensive worldwide trade losses to economies caused by counterfeiting and piracy. These intellectual property conventions were never intended to be used as enforcement mechanisms for intellectual property rights. They do not have effective dispute settlement provisions. The integration of intellectual property into the GATT framework as a supplement to existing international intellectual property agreements and conventions would facilitate the increased protection of intellectual property and thereby substantially reduce trade distortions.

A GATT-based intellectual property Agreement should address trade distortions that result from the (1) absence of a multilateral dispute settlement mechanism, (2) absence of agreed procedures for dealing with imports of products that infringe intellectual property rights, (3) deficiencies in the internationally agreed intellectual property norms which in some instances fail to establish adequate and effective standards for protection of intellectual property, and (4) absence of adequate and effective protection for intellectual property under national laws.

Objective

The objective of a GATT intellectual property agreement would be to reduce distortions of and impediments to legitimate trade in goods and services caused by deficient levels of protection and enforcement of intellectual property rights. In order to realize that objective, all participants should agree to undertake the following:

--Create an effective economic deterrent to international trade in goods and services which infringe intellectual property rights through implementation of border measures;

--Recognize and implement standards and norms that provide adequate means of obtaining and maintaining intellectual property rights and provide a basis for the effective enforcement of such rights;

--Ensure that such measures to protect intellectual property or enforce intellectual property rights do not create barriers to legitimate trade;

--Extend international notification, consultation, surveillance and dispute settlement procedures to protection of intellectual property and enforcement of intellectual property rights;

--Encourage non-signatory governments to achieve, adopt and enforce the recognized standards for protection of intellectual property and join the agreement.

Implementation

In order to accomplish the stated objective and the agreed undertakings, participants should implement two types of enforcement measures: (a) consultation and dispute settlement mechanisms among signatories of the agreement and (b) domestic enforcement measures.

Aspects of these enforcement mechanisms are described below.

(a) Consultation and Dispute Settlement Under a GATT Agreement on Trade-Related Aspects of Intellectual Property Rights

(1) A GATT agreement should include a consultation and dispute settlement mechanism within the agreement. This mechanism should follow the model of consultation and dispute settlement

mechanisms in GATT agreements, recognizing that additional elements may be needed to address unique features of the subject matter.

(2) Resort to the consultation and dispute settlement mechanisms would be available to any party to the agreement that considers that there is a violation of the agreement or that any benefit accruing to it, directly or indirectly under the agreement is being nullified or impaired, or that the attainment of the objective of the agreement is being impeded.

(3) The agreement's provisions regarding consultation and dispute settlement should include recourse to technical expert groups and panels.

(4) In the event that recommendations are not complied with, the agreement should provide for retaliation including the possibility of withdrawal of equivalent GATT concessions or obligations.

(b) Enforcement Procedures

(1) Parties to a GATT agreement on trade-related aspects of intellectual property would be required to provide timely administrative and judicial procedures which owners of intellectual property can use to enforce rights in intellectual property. Such procedures include provisions enabling owners of intellectual property to enforce their rights by petitioning Governments to prevent importation of infringing products.

(2) Determinations relating to infringement of intellectual property rights must be reasoned and made without undue delay in a fair and open manner which minimizes interference with legitimate trade.

(3) All products and services that are the subject of an intellectual property right, whether imported or locally produced, shall be subject to the same criteria in determining whether an enforceable intellectual property right exists and whether infringement has occurred.

(4) Parties pursuing judicial or administrative enforcement of intellectual property rights should have prompt, fair, reasonable, and effective means to compel the discovery of facts relating to enforcement of their rights.

(5) Parties to an agreement should provide owners of intellectual property rights the means of preventing and deterring the infringement of their rights including both trade-based remedies and remedies under intellectual property laws. Available trade-based remedies should include

appropriate, timely action to prevent the sale or other disposition of allegedly infringing goods pending a final determination of infringement. Upon determination of infringement, goods shall be treated in a way that will deprive the party undertaking trade in infringing goods of the economic benefits of its activity and will effectively deter further transactions in infringing goods.

Available remedies under intellectual property laws should include preliminary and final injunctions, as well as monetary awards adequate to compensate fully owners of intellectual property.

In appropriate cases, seizure and destruction of infringing goods should be available under both trade-based and intellectual property rights laws. Criminal procedures and remedies also should be available in appropriate cases.

Norms

In adhering to a GATT agreement on trade-related aspects of intellectual property rights, parties would agree to provide in their national laws for the protection of intellectual property at a level consistent with agreed norms attached in an annex to the agreement. In developing this annex, participants in the negotiation would examine existing international conventions and consider national laws that provide a sufficient level of protection. The standards in the annex would then be based on existing national laws and international agreements that provide a sufficient level of protection, similar to those referenced in the Annex attached to this paper. Participants should consider national laws that provide adequate protection for intellectual property particularly in cases where standards are inadequate or absent from international conventions and where participants determine that such conventions do not provide sufficient protection. Development of this annex shall be without prejudice to other complementary initiatives in the World Intellectual Property Organization and elsewhere to deal with these matters.

Signatories would agree to adopt new laws and amend existing laws, where necessary, to achieve a degree of protection of intellectual property under national laws consistent with the standards incorporated into the agreement. Standards for the protection of all forms of intellectual property should be included.

Adherence to the Agreement

This agreement would create additional rights and obligations under the GATT solely among parties to the agreement. These rights and obligations would be identical for all parties to the agreement.

Parties must bring national laws and enforcement mechanisms into conformity with the obligations established in the agreement.

The discipline provided by a GATT agreement on trade-related aspects of intellectual property would be an incentive for all governments to join such an agreement in order to resolve disputes under a multilateral dispute settlement mechanism.

The agreement would provide signatories with a strong basis for coordinating their efforts to encourage non-signatories to adopt intellectual property regimes in accord with the standards embodied in the agreement.

Parties to the agreement would undertake to provide technical assistance in the implementation of the obligations of the agreement to parties that request such assistance under mutually agreed terms. Parties with economic assistance programs would undertake to include in their programs means to provide direct assistance to Contracting Parties interested in improving their intellectual property regimes in order to become parties to the agreement.

Application to Emerging Technologies and Revision of the Agreement

Forms of technologies and creative activity change and develop over time. The agreement must be a living document, and flexible enough to accommodate future consensus on improved protection of intellectual property and to include new forms of technology and creativity as they appear. The mechanism for amendment and revision of the agreement should be designed to encourage future improvements of the agreement.

ANNEX

Patents

Patents should be available for inventions in any technological field provided the invention is a new, useful, and unobvious product or process. Patents should provide the right to prevent others from making, using or selling the protected invention for 20 years from the date patent protection is sought or 17 years from the date the patent is granted.

Governments should generally not grant compulsory licenses to patents and shall not grant a compulsory license where there is a legitimate reason for not practicing the invention, such as governmental regulatory review. If a government does grant a compulsory license, it should do so only on a case-by-case basis, subject to agreed narrowly defined circumstance. It shall not discriminate against inventions in particular fields of technology, and it shall provide for full compensation to the patentee for the license. No compulsory license shall be exclusive.

Trademarks

A trademark should consist of any word, symbol, design or device, including any distinctively shaped three-dimensional object, except the generic name of the goods and services or words descriptive thereof. The term trademark should include service mark.

Exclusive rights to a trademark should derive from use or registration. Well-known marks should be protected. Trademarks which offend national symbols, policies or sensibilities should not give rise to exclusive rights.

Systems for registration of trademarks and service marks should be provided on equal terms and at reasonable costs. Owners of marks identical or confusingly similar to a mark for which registration is sought should be given the opportunity to challenge promptly such registration.

Trademarks should be registered for no less than 5 years and should be renewable indefinitely for similar terms. The trademark right should lapse if the trademark has not been used for a period of years and no special circumstances can be shown to justify such non-use. The use of a trademark should not be encumbered by any special requirements.

Licensing of trademarks, with provision for adequate compensation for the licensor, should be permitted. No

compulsory licensing of trademarks shall be permitted. Assignments of trademarks should not be unnecessarily encumbered.

Copyright

Copyright rights should include the exclusive right to, and to authorize others to, (a) copy or reproduce a work in whole or in part; (b) translate, revise or otherwise adapt or prepare derivative works; (c) distribute copies of the work by sale, rental or otherwise; and (d) publicly communicate (e.g. perform, display, broadcast or transmit the work.)

Copyright protection should attach automatically upon creation of the work and shall subsist whether or not the work is published and regardless of the form or medium in which the work is embodied or communicated.

Protection should extend to all forms of creative expression including all traditional works, to newer forms of expressions such as computer programs and data bases, and to forms yet to be developed.

Neither copyright, the transfer of rights nor enforcement shall be conditioned upon satisfaction of any formalities.

Any limitations or exemptions to exclusive rights shall be consistent with the Berne convention (1971) standards. Compulsory licenses must not be adopted where legitimate local needs can be met by voluntary licensing. Where implementation is necessary, compulsory licenses shall be limited to those permitted in the Berne Convention for the Protection of Literary and Artistic Works (1971) and shall be accompanied by laws and regulations that provide strong safeguards and mechanisms to ensure not only prompt payment and remittance of royalties consistent with those that would be negotiated on a voluntary basis but also the prevention of exports.

The minimum term of copyright protection shall be for the life of the author plus 50 years and 50 years for anonymous and pseudonymous works and works of juridical entities.

Trade Secrets

Trade secrets should be broadly defined to include undisclosed valuable business, commercial, technical or other proprietary data as well as technical information. Misappropriation, including the unauthorized acquisition, use or disclosure of a trade secret, must be prevented.

Trade secrets submitted to governments as a requirement to do business shall not be disclosed except in extreme circumstances

involving national emergencies or, in the case of public health and safety, provided that such disclosure does not impair actual or potential markets of the submitter or the value of the submitted trade secrets.

Semiconductor Chip Layout-Design Protection

Protection should extend to the original layout design of a semiconductor chip regardless of how that layout design is produced or fixed. The exclusive rights of the layout design owner must include the rights to, or to authorize others to, reproduce, import, and distribute the layout design. These rights must endure for at least 10 years from the date of first commercial exploitation or from the date of registration, if required, whichever date is earlier.

A layout design may be reproduced for teaching, analysis or evaluation (reverse engineering). However, compulsory licensing should not be permitted.

If formalities are imposed, they should be limited to registration and use of a uniform notice of protection. If deposits of identifying material or other material related to the layout design are required, applicants for registration should not be compelled to disclose sensitive or confidential information.