

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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

ENFORCEMENT OF TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS

Proposal by Japan

The following proposal has been received from the delegation of Japan, with the request that it be circulated to members of the Negotiating Group.

I. Introduction

1. Japan submitted to the Negotiating Group in November 1987 proposals on "General Rules and Disciplines to be Agreed Upon" and "International Cooperation" (MTN.GNG/NG11/W/17). The purpose of this paper is to further elaborate in detail, in line with what we have already proposed in paragraph 2.(4) of the above-mentioned proposal, what we consider to be minimum requirements for an international rule for effective and appropriate enforcement procedures for the protection of intellectual property rights.

As concerns enforcement procedures at border levels, Japan is in the process of examining ways to ensure effective enforcement of intellectual property rights at its borders, taking into account the proposals of other countries and wishes to submit a concrete proposal in this respect by the coming October meeting of this Negotiating Group.

The proposals made below represent the Japanese government's points of view at the present stage, and they remain subject to modifications.

2. As already stated in the previous proposal, the principles of Most-Favoured-Nation treatment, National Treatment, and Assurance of Transparency are widely acknowledged as constituting the basic framework of the GATT; it is important that they be applied also to the enforcement of intellectual property rights among countries participating in the Uruguay Round (hereinafter referred to as "the participants").

Further examinations are necessary as to how these principles will be applied. It is important to ensure transparency of procedures, i.e. to clearly stipulate the procedures in relevant laws and regulations and to publish them, in order to assure predictability to the parties concerned.

3. The Japanese position on "Intellectual Property Rights Which Are To Be Protected" and "The Norms for the Protection of Intellectual Property Rights" referred to in the Japanese submission of September 1988 (MTN.GNG/NG11/W/17/Add.1) remains valid and the present proposal is designed to cover six intellectual property rights referred to in "Intellectual Property Rights Which Are To Be Protected" (i.e. Patents, Trademarks, Designs, Copyright, Neighbouring Rights, Semiconductor Integrated Circuit Layout Right).

4. In formulating its proposal, Japan has taken into account the differences in national legal systems. (cf, Paragraph 4(c) of the TNC agreement of April 1989). In particular it should be respected that, as far as the procedure for collecting and examining evidence is concerned, each country instituted and has been implementing such procedure based upon its own legal tradition in the form of the codes of civil and criminal procedure as the pillars of such institution. Japan has also taken into account the necessity of ensuring the principles of due process of law as well as the necessity of ensuring appropriate safeguard against the abuse of the procedures.

5. The Japanese Government proposes in the following section (II. Enforcement Procedures) civil, administrative and criminal procedures. Japan considers that the objective of civil and administrative procedures lies in providing the intellectual property right holders with specific means to obtain remedies, whereas the objective of criminal procedures lies mainly in deterring future infringements by imposing appropriate sanctions.

Reflecting such difference of objectives in mind, Japan has made relatively detailed proposal concerning civil and administrative procedures but has limited its proposal concerning criminal procedures to some principles on criminal sanctions which add to the general principles.

6. General principles provided in chapter 1 in the following section shall commonly apply to all procedures in chapter 2 and thereafter. Chapter 2 shall be applied to civil judicial procedures, chapter 3 to administrative procedures, chapter 4 to provisional measures executed through judicial or administrative procedures. Chapter 5 shall apply to criminal sanctions.

7. As shown below, Japan has formulated its proposal taking into consideration how the general rules and disciplines will be agreed upon as an outcome of this negotiation.

II. Enforcement Procedures

1. General Principles

(1) Objectives

(a) Participants shall establish procedures for effective and appropriate enforcement of intellectual property rights at domestic and border levels by means of civil law, criminal law, administrative law or a combination thereof.

(b) Enforcement measures shall be ensured by national laws in so much as they meet the requirements of the general rules and disciplines which will be the outcome of this negotiation.

(c) In establishing and implementing enforcement measures, considerations shall be paid to the following points:

- differences among various types of intellectual property rights;
- need to ensure that measures taken to protect intellectual property rights do not become barriers to legitimate trade.

(2) General principles concerning procedure

(a) A person against whom procedures have been initiated shall be given ample opportunities for defense. A person who is to be subject to substantive argument on the merits of a case shall be given notice before the argument.

(b) Procedures shall not be unnecessarily complicated, costly, or time consuming, nor shall they be subject to unreasonable time-limits.

(c) Final judicial decision on the merits of a case shall be made in a fair and open manner. They shall be in writing and reasoned.

(d) Final administrative disposition shall be subject to the right of judicial review.

(e) Parties shall be entitled to claim compensation of the damage caused by an abuse of enforcement procedures.

(f) Participants may provide for that where a government official, while discharging an official duty of the State, causes damage in the course of enforcement procedures related to the intellectual property right protection, the State may be held liable for the compensation.

2. Principles to be applied to civil judicial procedure

(1) Participants shall provide for civil judicial procedures for an intellectual property right holder to enforce his right internally and with regard to imports.

(2) All parties to civil judicial procedures shall be entitled to present relevant evidence.

(3) Participants shall provide for an appropriate measures to preserve relevant evidence. Notwithstanding the general principles concerning procedure stipulated in chapter 1 of this section, such measures may, in appropriate cases, be taken without prior notice to an adversary.

(4) Final decisions by the court shall be based only on such facts in respect of which parties were offered the opportunity to be heard.

(5) Intellectual property right holders shall be provided with at least the following remedies. Remedies shall be adequately ensured according to the type of the right and the seriousness of the infringement in question.

(a) Stopping or preventing of the infringement of intellectual property rights; this shall include such measures as destruction of things which have constituted the infringement and removal of facilities which were used for the infringement.

(b) Indemnification of damages; participants may provide for provisions in which the amount of profit gained by the infringer shall be presumed to be the amount of damage sustained by the right holder, or in which the right holder may claim the amount of money normally obtainable for the working of the rights, as the amount of such damage.

3. Principles to be applied to administrative procedures

(1) Participants may establish administrative procedures for the enforcement of intellectual property rights.

(2) Such procedures shall be subject to principles which are equivalent to those applied to civil judicial procedures stipulated in chapter 2.

NB: Administrative procedures subject to chapter 3 do not exist in Japan at present.

4. Provisional measures (preliminary injunction and temporary order)

(1) Participants shall provide for procedures for provisional measures with respect to civil judicial procedures stipulated in chapter 2 or with respect to administrative procedures stipulated in chapter 3 of this section; such measures shall aim at ensuring future enforcement of or at excluding imminent danger of the infringement of intellectual property rights.

(2) Provisional measures shall be implemented through judicial or administrative procedures.

(3) Provisional measures shall be adopted upon request by a right holder. Notwithstanding the general principles concerning procedure stipulated in chapter 1 of this section, such measures may, in appropriate cases, be

adopted without prior notice to the adversary. In such cases, the decision or the disposition adopted shall be notified to the adversary and he shall be given, upon request, an occasion to be heard so as to decide whether to revoke or confirm the decision or disposition in question.

The applicant shall provide reasons established to a sufficient degree of certainty when requesting such measures.

Participants may provide that the applicant furnish sufficient security in place of providing reasons established to a sufficient degree of certainty.

(4) Participants shall provide procedures to deny the effect of provisional measures if the suit on the merit of the case is not initiated after the measure is taken.

(5) Parties who have not infringed any intellectual property right but nonetheless have been the subject of provisional measures on the false ground of infringement shall be entitled to claim compensation for the damage caused by such measures. Participants shall provide for the provision of security with a view to compensating such a damage.

5. Criminal sanctions

(1) Participants shall regard the act of the infringement of patents, trademarks, designs, copyright, neighbouring rights, semiconductor integrated circuit layout right as constituting criminal act and shall establish provisions for criminal sanctions, including imprisonment or fine, against such act.

(2) Where deemed necessary and so long as it does not infringe the legitimate interest of a third party, such provision shall provide for a confiscation of goods which have constituted a criminal act infringing intellectual property rights, goods which were used or intended to be used for such an act, goods arising from or acquired by such an act or goods acquired as a reward of such an act.