

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG11/W/51
29 November 1989

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

STANDARDS FOR TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS

Submission from Hong Kong

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

INTRODUCTION

1. Hong Kong believes that there is a close relationship between the protection of intellectual property rights (IPRs) and development and technology transfer. All economies, in particular developing economies, can be stimulated by an environment that encourages foreign investment in goods and services accompanied by technology transfer. An adequate intellectual property regime with clear, specific and enforceable standards for the protection of IPRs does more than reward innovation and industry; it helps to create an environment of business certainty and stability, and helps to attract foreign investment from which the transfer of technology can flow.

2. Hong Kong places great importance on the proper protection of IPRs, and believes that the Uruguay Round negotiations should aim to secure an effective and balanced multilateral TRIPS agreement, to be founded on the basic GATT principles of most-favoured-nation, non-discrimination, national treatment and transparency. Such an agreement should also include a mechanism for the multilateral resolution of disputes between parties, as well as realistic transitional and other arrangements to encourage full participation. The agreement should address the distortions and impediments to trade caused by inadequate or excessive protection of IPRs, and should oblige participants to provide, within the framework of their national legal systems, for the protection of intellectual property at a level no lower than that contained in the agreement.

3. The present submission sets out the standards of protection in respect of copyright, neighbouring rights, trademarks, geographical indications, industrial designs, patents, petty patents, layout design (topography) of integrated circuits and trade secrets which Hong Kong considers should form the framework of a GATT-based multilateral agreement. Hong Kong will present a separate submission on the enforcement aspects of trade-related intellectual property rights.

4. In setting out these standards, Hong Kong has drawn, wherever possible, upon the provisions of existing intellectual property conventions. To use such conventions as a base is only logical since many participants already adhere to the conventions, their language is familiar to participants, and the conventions already make allowances for differences in national legal systems. Hong Kong has proposed additional provisions in cases where the existing intellectual property conventions are silent or where it considers the standards in these conventions are insufficient to provide the right level of protection of trade-related IPRs.

5. Hong Kong is at present conducting a comprehensive review of its own intellectual property regime and anticipates the need for legislative and other changes in this field in the coming years. The standards proposed in this submission therefore do not always reflect Hong Kong's existing legislative position.

SPECIFIC STANDARDS PROPOSED

6. The following paragraphs set out the standards Hong Kong considers should be included in an agreement.

I. COPYRIGHT

7. The Paris text of the Berne Convention for the Protection of Literary and Artistic Works (1971) provides an adequate level of protection of copyright. However, Hong Kong proposes that any agreement should make clear that computer programmes should be considered to be literary works under Article 2(1) of the convention.

Compulsory Licences

8. Compulsory licences should be permitted to the extent that limitations of the rights of authors are permitted as licences and exceptions within the terms of the Berne Convention. Parties to the agreement should remain free to promulgate any legislation that they think necessary in the public interest to prevent or remedy any abuse of the exclusive rights belonging to a copyright owner by virtue of its municipal laws.

II. NEIGHBOURING RIGHTS

9. Neighbouring rights should be protected in accordance with the text of the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms.

III. TRADEMARKS

10. The agreement should clarify a number of essential elements to complement provisions in the Paris Convention, which Hong Kong considers to be insufficiently comprehensive.

Definition

11. The term "trademark" shall include service marks and certification marks.

12. A mark shall include 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.

13. Protection shall be denied to marks which are:

- (a) lacking in distinctive character;
- (b) contrary to law or morality or are scandalous;
- (c) likely to deceive or cause confusion;
- (d) in conflict with earlier rights.

Derivation of Rights

14. Protection should be available for all marks for goods and services based either on registration or local use or reputation.

Acquisition of Rights

15. Use should not be a pre-requisite for registration.

Rights Conferred by Registration

16. The registration of a mark shall confer on the owner the right to prevent third parties, not having the owner's consent, from using in the course of trade the same or a confusingly similar mark in respect of the same goods or services.

17. Registration should not be dependent on any special requirements for the use of a mark in combination with another mark.

Protection of Well-Known Marks

18. The Paris Convention requires protection of well-known marks for goods. This obligation should be extended to cover well-known marks for services.

National Registration Systems

19. A system for the registration of trademarks shall be maintained.

Term of Protection

20. A registered trademark should be capable of renewal indefinitely.

Use Requirements

21. The registration of a mark may be cancelled if, immediately prior to the commencement of action for cancellation, an uninterrupted period of at least five years has occurred during which there has been no use in good faith of the mark and no legitimate reasons for the non-use exist.

IV. GEOGRAPHICAL INDICATIONS

22. Appellations of origin and geographical indications should be protected to the extent necessary to ensure that consumers are not misled or deceived.

V. INDUSTRIAL DESIGNS

Subject Matter

23. Design protection shall be available for the external appearance of two or three dimensional articles which are original or novel, so long as the design is not solely dictated by the functional purpose of the article. This protection should be in addition and without prejudice to Articles 5 quinquies and 10 bis of the Paris Convention as revised at Stockholm in 1977 and the protection to works of applied arts within the terms of the Paris text of the Berne Convention.

Rights Conferred

24. The industrial design right owner shall, as a minimum, have the right to prevent third parties not having the owner's consent, from manufacturing or selling articles bearing a design that has been copied or has been substantially copied.

Term of Protection

25. The minimum term of protection shall be ten years.

Compulsory Licences

26. Compulsory licences shall not be permitted in respect of a design that is limited to the appeal of the appearance of an article.

VI. PATENTS

Subject Matter

27. Patents shall be available for inventions in all fields of technology but the following may be excluded:

- (a) discoveries, scientific theories or mathematical methods to the extent that they do not constitute industrially applicable products or processes;
- (b) aesthetic creations, including literary, dramatic, musical or artistic works;
- (c) schemes, rules or methods of performing a mental act, playing a game or doing business;
- (d) inventions which would be contrary to public order or morality.

Conditions for Patentability

28. Patents shall be granted if:

- (a) the invention is new;
- (b) it involves an inventive step; and
- (c) it is useful or capable of industrial application.

Term of Protection

29. Protection shall be available for 20 years from the date of filing.

Rights Conferred

30. The owner of the patent shall have the right to prevent third parties, not having his consent, from making, offering or using a product which is the subject matter of a patent. Similarly, the owner of a patented process shall have the right to prevent third parties from using the process, or from offering or selling products made by the process.

31. Limited exceptions to the exclusive rights conferred by a patent, which take account of the legitimate interests of the proprietor of the patent and of third parties, may be made for certain acts, such as acts done privately and for non-commercial purposes and acts done for experimental purposes.

Compulsory Licences

32. A compulsory licence shall be granted, only where necessary in order to remedy adjudicated anti-competitive practices such as lack or insufficiency of exploitation. Such licences should be non-exclusive, should be subject to compensation commensurate with the fair market value of the licence, and should be subject to review by a distinct higher authority. The subject of a compulsory licence should be for the local market only, and not for export.

Forfeiture

33. Hong Kong considers that there should be no provision for the forfeiture of patents.

VIII. PETTY PATENTS

34. Participants may provide for registration of petty patents or utility models.

VII. LAYOUT DESIGNS (TOPOGRAPHY) OF INTEGRATED CIRCUITS

35. Protection for layout designs (topography) of integrated circuits should follow the provisions of the Treaty on Intellectual Property in Respect of Integrated Circuits, agreed in Washington, May 1989, except for the following -

Limitations on Rights Conferred

36. No liability shall exist in respect of innocent infringement where a protected integrated circuit design is incorporated within an article, but the owner of the design shall have a right to a reasonable royalty for such acts after notice is received.

Term of Protection

37. Protection shall be given for ten years from the date of creation if the design has been commercially exploited, or fifteen years if there has been no exploitation.

IX. TRADE SECRETS AND ACTS CONTRARY TO HONEST COMMERCIAL PRACTICES

38. In addition to the obligations to refrain from unfair competition required by Article 10 bis of the Paris Convention for the Protection of Industrial Property, trade secrets should be protected to the extent that their disclosure amounts to a breach of confidence in that:

- (a) the information must be of a confidential nature, in that it must not be something which is public property or public knowledge;
- (b) the information the subject of the claim must have been communicated in circumstances importing an obligation of confidence; and
- (c) there must be an unauthorised use of the information to the detriment of the proprietor of the trade secrets.