

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG11/W/54
7 December 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

ENFORCEMENT OF 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 considers the effective enforcement of intellectual property rights (IPRs) to be a significant factor in the creation of a stable and predictable trading environment. Where IPRs are not enforced, infringing goods displace legitimate trade, business certainty is lacking, and trade, investment and the transfer of technology all suffer. Proper enforcement of IPRs constitutes part of the legal framework which any country should provide in order to encourage the growth of legitimate trade and business.

2. The present submission broadly follows the organisation of headings in the synoptic table prepared by the secretariat (MTN.GNG/NG11/W/33/Rev.1) dated 26 October 1989. The submission should be considered as indicative only of the direction in which Hong Kong would wish to see the negotiations proceed. The suggestions are preliminary in the sense that Hong Kong is ready to examine proposals from other participants and may wish to modify its own proposals during negotiations.

3. This submission sets out Hong Kong's views on the enforcement provisions that should be included in a multilateral agreement on trade-related intellectual property rights (TRIPS). The views contained in this submission should be considered in conjunction with the submission by Hong Kong on standards for trade-related IPRs (MTN.GNG/NG11/W/51). Hong Kong considers that the provision of adequate IPR standards and the enforcement of those standards are of equal importance, since one is of little value without the other.

4. Hong Kong believes that the enforcement provisions of a multilateral TRIPS agreement should incorporate the basic GATT principles of most-favoured nation, non-discrimination, national treatment, and transparency. Such an agreement should also recognise the balance of rights and interests between IPR holders, their legitimate competitors and the consumer; differences in national legal systems; the geographical and resource constraints facing participants; and the need to ensure that protection for IPRs does not result in the creation of barriers to legitimate trade. The enforcement provisions in this paper are without prejudice to obligations in existing international IPR Conventions.

5. Hong Kong considers that border measures alone are insufficient to ensure effective enforcement or to deter trade in goods that infringe IPRs. Infringing goods do not always cross borders, but where they are manufactured and sold in the same country they displace legitimate imported products and equally distort international trade. This submission therefore proposes that, in addition to border measures at the point of entry, provision be made for enforcement action to be taken within the municipal jurisdiction and up to and including the point of export.

6. This submission also suggests that emphasis should be placed on civil remedies (as distinct from criminal and administrative remedies) on the grounds that IPRs are primarily private rights. Provisional civil measures enable an arguable case to receive prompt and effective attention.

7. The submission is arranged in four sections, as follows: -

- Section A: General Obligations
- Section B: Internal Measures
- Section C: Special Requirements related to Border Measures
- Section D: Acquisition of IPRs

(A) GENERAL OBLIGATIONS

(i) The Objective

8. The objectives of an agreement on minimum standards for the enforcement of IPRs should be the creation and maintenance of laws and an effective framework to deter trade in goods and services that infringe, without hindering trade in legitimate goods and services.

(ii) Types of Procedures to be Provided

9. While participants should be free to decide to protect IPRs by means of civil, criminal, or administrative procedures or a combination of these, in accordance with their national legal systems, Hong Kong considers that emphasis should rest primarily on civil procedures, as they appear the most appropriate to protect private rights.

(iii) General Requirements on Procedures

10. Participants should ensure that the procedures involved in enforcing IPRs are not unnecessarily complicated, expensive, or time-consuming. Procedures should provide adequate opportunities for all rights holders¹ to make use of them. In addition, participants should designate an enquiry point with which IPR holders may correspond to assist them to determine the existence of municipal laws and administrative procedures that govern enforcement of IPRs, or to direct them to the relevant authority that may take any enforcement action being sought.

(iv) Assurance of Equitable Procedures

11. Procedures for the enforcement of IPRs² should be fair, equitable and transparent. Except in the case of ex parte proceedings, adequate written notice of proceedings (including venue and time of hearing) shall be given, and should contain sufficient information to identify the basis of the dispute.

12. A party to proceedings before a court or tribunal should be entitled to substantiate his claims, or establish his defence, by the presentation of relevant evidence. The determination of that body should be based solely on the facts in respect of which the parties were offered an opportunity to present their claims. Procedures should not be subject to unreasonable time limits, nor permit unwarranted delay. Decisions should be reasoned, recorded in writing, and available to the public. Administrative procedures should be subject to equivalent principles.

(v) Rights of Representation/Presentation of Evidence

13. Procedures should not impose unreasonable requirements concerning personal appearance by parties. Parties to proceedings may be represented by independent counsel where this is permitted by the municipal law of the participant. Expert testimony should be permitted. Procedures should permit cross-examination of any witness called by the opposing party.

¹"Right holder" in this paper means the right holder himself, or any other person having legal standing under the national law of the participant country to assert such rights.

²We use the term ex parte to mean an interlocutory application where the need for a remedy is so urgent that the right owner may sustain irreparable harm if he has to wait for the prospective defendant to be served with notice of the proceedings.

(vi) Access to Information

14. Civil procedure law should provide the opportunity for a party to seek disclosure of relevant information prior to a hearing on the merits.

(vii) Treatment of Confidential Information

15. Civil procedure law should provide effective means to identify and protect confidential information provided by any of the parties to a dispute, or by others required to give evidence.

(viii) Facilitation of Obtaining Evidence

16. Participants should provide for ex parte proceedings in civil disputes to preserve evidence relevant to the alleged infringement, subject to the right holder being required to give appropriate securities to protect persons who may be wrongly prejudiced. Persons adversely affected should be given prompt notice of subsequent proceedings for which the evidence was preserved. Unless there are reasonable grounds to the contrary, the right holder should be entitled to be informed by the alleged infringer, on request, of the identity of persons involved in the production of the infringing goods or services and their channels of distribution.

(ix) Avoidance of Barriers to Legitimate Trade

17. Procedures and remedies applied by a participant for the purpose of enforcing IPRs should not constitute a means of arbitrary, unjustifiable or disguised restriction on international trade.

(x) National Treatment

18. Procedures and remedies provided by a participant for enforcing IPRs relating to persons, goods and services of all other participants should be no less favourable than those provided to its own persons, goods or services.

(xi) Most-Favoured-Nation Treatment/Non-Discrimination

19. Procedures and remedies provided by a participant for enforcing IPRs relating to persons, goods or services of another participant should be equally applicable to persons, goods or services of all other participants.

(xii) Remedies and Sanctions

20. Participants should provide for effective remedies and sanctions that stop or prevent the infringement of IPRs, and entitle the right holder to compensation for injury suffered by infringement. Participants should provide criminal sanctions against wilful trademark counterfeiting and copyright piracy committed for commercial purposes, including the wilful import or export of such goods.

(xiii) Rights of Judicial Review/Appeal

21. Participants should provide for a means of appeal against judicial or administrative decisions on the merits of a case. A court of appeal should be entitled to consider and review all legal issues raised before or considered by the court of first instance or administrative body, and should also be entitled to review issues of rationality and procedural fairness.

(B) INTERNAL MEASURES

(i) Coverage

22. Participants should provide for civil judicial procedures concerning the enforcement of any IPR internally and with regard to import and export, but without obligation to include goods in transit. Participants may provide for administrative procedures concerning the enforcement of IPRs.

(ii) Standing to Initiate Procedures

23. Procedures should be available to the right holder of IPRs.

(iii) Provisional Measures

24. Participants should provide prompt and effective provisional remedies in civil disputes on the application of the right holder in any IPR. Such remedies, which should include those available on an ex parte basis, should be designed to prevent or stop infringing activity. Provisional remedies should permit the seizure of infringing goods or evidence of infringement, as well as being available to prevent dealing in infringing goods, including their import or export.

25. The applicant should be required to act in good faith and to provide evidence that he is the right holder and that his right is being infringed. The applicant should be required to provide adequate security. Provisional measures should be revoked or lapse where the applicant does not pursue a decision on the merits in an expeditious manner. If provisional measures are available ex parte, participants should provide that a hearing take place within a reasonable period after the notification of the measures, to decide whether those measures should be revoked, modified or confirmed.

(iv) Civil Remedies for Infringement

26. Participants should provide the IPR holder with at least the following civil remedies:

- (a) final injunctions;
- (b) the possibility of seizure, forfeiture or destruction of infringing goods;

- (c) the power to restrain commercial dealing in infringing goods, including import or export;
- (d) damages to compensate the right holder for any injury caused by infringing activity;
- (e) the possibility of an account for profits made from infringing activity;
- (f) the possibility of recovery of costs reasonably incurred in the course of proceedings.

(v) Criminal Sanctions

27. Participants should provide criminal sanctions in respect of counterfeiting or wilful acts of commercial copyright piracy, which should include the possibility of imprisonment and monetary fines. There should be the possibility of seizure and forfeiture of counterfeit and pirated goods and any device specifically used for their production.

(vi) Indemnification of the Defendant

28. Participants should provide, in appropriate cases, for the indemnification of a successful defendant to compensate for damages suffered or costs incurred in civil judicial proceedings.

(C) SPECIAL REQUIREMENTS RELATED TO BORDER MEASURES

(i) General Requirements

29. Participants should provide administrative procedures for customs authorities to detain or prohibit counterfeit or pirated goods at the instigation of the right holder.

(ii) Coverage

30. Counterfeit goods for the purposes of border measures should mean any goods, including packaging, bearing without authorisation a mark which resembles or nearly resembles a registered trade mark as to be calculated to deceive in respect of such goods.

31. Pirated goods for the purpose of border measures should mean any goods which are copies made without the consent of the right holder or person duly authorised by him in the country of production, and which are made directly or indirectly from an article where the making of that copy constitutes an infringement of copyright under the legislation of the country of importation.

32. The restricted acts of importation or exportation need not necessarily include goods that have been put on to the domestic market of a third country with the consent of the right holder.

33. The provisions should not apply to small quantities of goods of a non-commercial nature, for example, goods in travellers' personal luggage.

34. Border measures should not apply to goods in transit.

(iii) Standing to Initiate Procedures

35. A right holder who wishes to initiate seizure by the customs authorities should make an application accompanied by proof that the applicant is the right holder. It should contain all pertinent information available to the applicant to enable the customs authorities to act with full knowledge of the facts, and a sufficiently detailed description of the goods to enable them to be recognised.

(iv) Provision of Security

36. Participants may require the right holder who has lodged an application with the customs authorities to provide security or equivalent assurance.

(v) Inspection of the Detained Product by the Right Holder

37. Without prejudice to the protection of confidential information, the right holder should be given sufficient opportunity to inspect any product detained by the customs authorities in order to substantiate his claims.

(vi) Remedies

38. Participants should provide remedies which, in the event of a successful criminal prosecution, should enable a court to order, where appropriate, forfeiture and destruction of the infringing goods, or their transfer to the IPR holder, or the removal or erasure of the offending feature of the infringing goods. These remedies are in addition to penalties of imprisonment or fine that may be ordered by a court.

(vii) Applications of Border Measures to Other Types of IPR Infringement

39. As negotiation progresses, it may be necessary to examine the possibility of introducing procedures in accordance with which customs authorities could detain goods infringing other type of IPRs.

(D) ACQUISITION OF IPRs

40. Where the acquisition of an IPR covered by this agreement is subject to the IPR being granted or registered, participants should provide for procedures which permit, subject to the substantive conditions for the IPR being fulfilled, the granting or registration of the right within a reasonable time so as to avoid the period of protection being curtailed.

41. Where the national law of the participant provides for opposition, revocation, cancellation or similar inter partes procedures, they should take into account the legitimate interests of the applicant or the holder of an IPR, in particular, in an expeditious conclusion of such proceedings, as well as the interests of the other party in presenting its side of the case.

42. Final administrative decisions concerning the acquisition of an IPR should be subject to the right of appeal in a court of law or quasi-judicial body.