

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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

MAIN ELEMENTS OF A LEGAL TEXT FOR TRIPS

Communication from Japan

The attached communication, dated 15 May 1990, has been received from the delegation of Japan with the request that it be circulated to members of the Negotiating Group.

GATT SECRETARIAT

UR-90-0291

MAIN ELEMENTS OF A LEGAL TEXT FOR TRIPS

Objective of the Agreement

The objective of the present Agreement is to establish adequate standards for the protection of, and effective and appropriate means for the enforcement of intellectual property rights; thereby eliminating distortions and impediments to international trade related to intellectual property rights and foster its sound development.

1. National Treatment

1.1 With respect to the standards for the protection of, and the procedures and remedies for the enforcement of, each type of intellectual property rights as specified in the Annex, Participants to the Agreement (hereinafter referred to as "Participants" shall ensure that the nationals of other Participants and nationals of other nations enjoy treatment no less favorable than that they now accord or may hereafter accord to their own nationals.

1.2 The provision above shall comply with the exceptions already recognized by the Paris Convention as last revised at Stockholm in 1967 (hereinafter referred to as "the Paris Convention"), the Berne Convention as last revised at Paris in 1971 (Berne Convention) and the Rome Convention of 1971 (Rome Convention).

1.3 Where the acquisition of an intellectual property right covered by this Annex is subject to the intellectual property right being granted or registered, Participants shall provide for granting or registration procedures not constituting any de jure or de facto discrimination in respect of laws, regulations and requirements between nationals of the Participants and nationals of other Participants.

(N.B.) The term "the nationals of other Participants and nationals of other nations" in 1.1 shall be understood as those natural or legal persons qualified for protection under the Paris Convention, the Berne Convention and the Rome Convention.

(N.B.) Amongst the types of intellectual property rights as specified in the Annex, the exceptions to national treatment for the protection of integrated circuit, for which there exists no internationally agreed treaty in force up to date, need to be elaborated.

2. Most Favoured Nation Treatment/Non-discrimination/Special Arrangements

2.1 With respect to the said protection of intellectual property rights, Participants shall, except where the exceptions stipulated in 1.2 apply, provide the nationals of other Participants treatment no less favorable than that accorded to nationals of any other nation.

2.2 Notwithstanding the above, Participants reserve the right to maintain or to conclude special arrangements bilaterally or multilaterally among themselves, which grant to the holder of intellectual property rights more extensive rights than those granted by the present Agreement, unless expressly stated otherwise therein, or which do not include provisions inconsistent with those therein.

2.3 A Participant who has concluded or concludes a special arrangement in accordance with paragraph 2.2 above, when so requested by another Participant who is not party to the said special arrangement, shall accord to the requesting another Participant, under the same conditions, the same treatment as that accorded to the parties to the said special arrangements.

For this purpose, the said Participant who has requested that it be accorded such treatment shall be given an opportunity for consultation, except where the said special arrangement provides for any procedure for the participation of any third Participant.

2.4 The obligations under the provisions 2.1 to 2.3 shall not apply with respect to judicial assistance.

3. Unless expressly stated otherwise, Participants shall comply with the provisions in the Annex as minimum requirements for the protection of the intellectual property right.

4. Transparency

4.1 Laws, regulations, judicial decisions and administrative rulings of general application, made effective by any Participant, pertaining to the protection of intellectual property rights, shall be published, or where such publication is not practicable, made publicly available, promptly in such a manner as to enable the governments of the Participants and other interested parties to become acquainted with them.

Agreements concerning the protection of intellectual property rights which are in force between the government or governmental agency of any Participant and the government or a governmental agency of any other Participant to the Agreement shall also be published or made publicly available. The provision of this paragraph shall not require Participants to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

4.2 Participants shall inform the TRIPS Committee, established under 5, of any changes in their national laws and regulations concerning the protection of intellectual property rights (and any changes in their administration). Participants engaged in a special arrangement as stipulated in 2.2 above shall inform the TRIPS Committee of the conclusion of such a special arrangement together with an outline of its contents.

4.3 Participants shall, upon request from other Participants, provide information as promptly and as comprehensively as possible concerning application and administration of their national laws and regulations related to the protection of intellectual property rights. Participants shall notify the TRIPS Committee of the request and the provision of such information and shall provide the same information, when requested by other Participants, to the TRIPS Committee.

5. The TRIPS Committee

The TRIPS Committee composed of representatives of the Participants shall be established. The TRIPS Committee shall carry out functions under this Agreement or otherwise assigned to it by the Participants.

6. Consultation, Dispute Settlement

[This section is of vital importance to the whole Agreement. Although precise wording for the rules and procedures for consultation and dispute settlement is to be elaborated, it is in any case necessary to provide for prohibition of recourse to unilateral measures.

A suggested language to this effect is as follows:

"A participant shall not suspend, or threaten to suspend, its obligations under the Agreement without abiding by the procedures for settlement of disputes set out in this section".]

7. Transitional Arrangements

(N.B.) to be elaborated.

8. International Cooperation, Technical Assistance

(N.B.) to be elaborated.

ANNEX

SECTION I. Substantive Standards for the Protection of
Intellectual Property Rights

Part 1. Copyright and Neighbouring Rights

1. Copyright

(1) Participants shall, as minimum substantive standards for the protection of creative works which fall within the literary, scientific, artistic or musical domain, provide protection under the substantive provisions of the Berne Convention and, in addition, shall provide the more extensive protection stipulated in (2) below.

(N.B.) Articles 2 to 18, Article 21 and the Appendix of the Berne Convention could be considered to constitute the substantive provisions.

(2) With respect to the rental of works to the public, the author, at least in the case of computer program works, cinematographic works and musical works, shall have either the right to authorize or prohibit the rental of their works or the right for an equitable remuneration.

(N.B.) It is understood that the granting to the authors of the rights to authorize or prohibit the rental of their works for a certain period and to claim an equitable remuneration for the remaining period is sufficient to fulfill the present provision.

(3) The following points shall be confirmed under the present Agreement.

(i) Following works are included in the works protected by the present Agreement.

(a) computer program

(b) computer data base

(N.B.) It is considered as adequate that in providing protection to these works appropriate considerations in accordance with their nature shall be given.

(ii) The copyright protection for computer program works under the present Agreement shall not extend to any programming language, rule or algorithm used for making such works.

(iii) Limitations on the rights conferred by the present Agreement shall be allowed only to the extent permitted under the Berne Convention.

(iv) Participants shall limit implementation, when necessary, of non-voluntary licensing to those uses and those works expressly permitted in the Berne Convention.

2. Neighbouring Rights

(1) Participants shall, as minimum substantive standards for the protection of performers, producers of phonograms, and broadcasting organizations, provide protection under the substantive provisions of the Rome Convention and, in addition, shall provide the more extensive protection stipulated in (2) below.

(N.B.) Articles 1 to 20 of the Rome Convention could be considered to constitute the substantive provisions.

(N.B.) 20 years is the minimum term of protection for neighbouring rights under the Rome Convention, but longer term of protection is considered as adequate.

(2) With respect to the rental of phonograms to the public, the performers or the producers of phonograms or both shall have either the right to authorize or prohibit the rental of phonograms or the right for an equitable remuneration.

(N.B.) It is understood that the granting to the right holders of the rights to authorize or prohibit the rental of phonograms for a certain period and to claim an equitable remuneration for the remaining period is sufficient to fulfill the present provision.

(3) It shall be confirmed under the present Agreement that limitations on the rights conferred by the Agreement shall be allowed only to the extent permitted under the Rome Convention.

Part 2. Trademarks, Geographical Indications, Industrial Designs, Patents

Participants shall, as minimum substantive standards for the protection of Trademarks, Geographical Indications, Industrial Designs, and Patents, provide protection under the substantive provisions of the Paris Convention and, in addition, shall provide the more extensive protection stipulated in the following provisions.

(N.B.) Articles 1 and 4 to 11 of the Paris Convention could be considered to constitute the substantive provisions.

(N.B.) Further discussion needed as to whether or not a notice procedure to the TRIPS Committee would be required if a protection similar to that under Article 6ter of the Paris Convention were to be given under this Agreement. Similar questions existing under Berne and Rome Conventions.

1. Trademarks

(1) Definition

Trademarks may consist of any marks particularly, words, including personal names, figures, letters, numerals, symbols or any combination thereof, provided that such marks are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

The term "trademark" shall include service marks and collective marks.

(2) Rights Conferred

Rights of a trademark may be acquired by registration or by use. For the acquisition of trademark rights by use, Participants may require that the trademark be well known among consumers or traders of the said Participant.

Use of a trademark prior to registration shall not be a condition for registration.

The owner of a registered trademark shall have rights to prevent all parties not having the entitlement to its use from using in the course of trade identical or similar marks for goods or services which are identical or similar to those in respect of which the trademark registration has been granted.

The owner of rights of a trademark (hereinafter referred to as the trademark owner), whether acquired by registration or use, shall be entitled to take action against any unauthorized use which constitutes an act of unfair competition or, where applicable, passing off.

(3) Well-Known Marks

Protection shall be extended inter alia against the use of a well-known mark for goods or services which are dissimilar to original goods or services where the use of the mark for such dissimilar goods or services is liable to create confusion as to the origin of the goods or services.

(4) Opposition

Opposition shall be institutionalised against the grant of the registration or the registration of the trademark.

Administrative procedures related to the opposition shall at least ensure that all parties concerned be given an opportunity to present their views and that rulings be made, on the basis of equal and clear criteria, as to ground pleaded by the opponent.

(5) Term of Protection

The registration of a trademark shall be for a term of no less than 10 years and shall be renewable infinitely where conditions for renewal have been met.

(6) Use

In a country where use of a registered trademark is required to maintain trademark rights, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless legitimate reasons for non-use exist.

Use of the trademark by another person with a license to use it from the trademark owner shall be recognized as use of the trademark for the purpose of maintaining the registration.

Legitimate reasons for non-use shall include non-use due to circumstances arising independently of the will of the proprietor of a trademark (such as import restrictions or other government regulations on products protected by the trademark) which constitute an obstacle to the use of the trademark.

The use of a trademark shall not be unjustifiably encumbered by special requirements, such as use with another trademark or a requirement which reduces the function of a trademark as an indication of source.

(7) Licensing

Compulsory licensing of trademarks shall not be permitted.

(8) Assignment

Assignment of trademarks shall be permitted. Participants may prohibit the assignment of the registered trademarks which in identical with, or similar to, a famous mark indicating a State or a local public entity or an agency thereof or a non-profit organization or enterprise working in the public interest.

2. Geographical Indications

Participants shall provide protection for geographical indications by complying with the provisions under the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods of 1891, as last revised in 1967.

3. Industrial Designs

(1) Requirements for Protection

Industrial designs which are novel and/or original shall be protected.

(2) Design Rights

An industrial design right shall confer on its owner the right to prevent third parties not having his consent from at least the following acts:

- (i) acts of manufacturing, using, transferring, leasing or importing the article which is the subject matter of the registered industrial design;
- (ii) acts of exhibiting, for the purpose of transfer or lease, the article.

(3) Term of Protection

The term of Protection shall be at least 10 years.

4. Patents

(1) Rights Conferred

A patent shall confer on its owner the right to prevent third parties not having his consent from at least the following acts:

Where the subject matter of the patent is an invention of a product,

- (i) acts of manufacturing, using, transferring, leasing or importing the product,
- (ii) acts of exhibiting, for the purpose of transfer or lease, the product;

Where the subject matter of the patent is an invention of a process,

acts of using the process;

Where the subject matter of the patent is an invention of a process of manufacturing a product,

- (i) acts of using the process,
- (ii) acts of using, transferring, leasing, or importing the product directly manufactured by the process,
- (iii) acts of exhibiting, for the purpose of transfer or lease, the product directly manufactured by the process.

If the subject matter of a patent is an invention of a process for manufacturing a new product, the same product when produced by any other party shall, in the absence of proof to the contrary, be deemed to have been obtained by the patented process. In the adduction of proof to the contrary, the legitimate interests of the defendant in protecting his manufacturing and business secrets shall be taken into account.

(2) Patentability

Patents shall be granted for inventions of products and processes which are industrially applicable and novel and which involve an inventive step.

(3) Patentable Subject Matter

Patents shall be granted for inventions with the exceptions of inventions contrary to public order, morality or public health, and of inventions of substances manufactured through nuclear transformation.

(N.B.) Further examination necessary on the protection of plant variety.

(4) Terms of Patents

The patent term shall be 20 years from the following date:

- (i) the filing date of the application; or
- (ii) where other applications are invoked in the said application, the filing date of the earliest filed of the invoked applications which is not the priority date of the said application.

Participants are encouraged to extend the term of patent protection to compensate for delays caused by regulatory approval processes.

(5) Non-voluntary Licence and Forfeiture of a Patent

In the granting of a non-voluntary licence, an application for the licence shall be filed with a competent authority only on the following grounds, provided that the patentee has refused to grant a voluntary licence requested by the same applicant in accordance with normal commercial practices:

- (i) the public interest concerning national security, or critical peril to life of the general public or body thereof; or
- (ii) failure to exploit the patented invention or insufficient exploitation to satisfy local needs after the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the

patent, whichever period expires last, unless legitimate reasons as viewed from Government's regulation or normal commercial practices exist; or

(iii) interdependence of the invention of the applicant's patent and the earlier filed invention of the said patentee's patent.

Upon the said application, the competent authority may grant a non-voluntary licence to the extent of necessity from the ground specified above.

Participants shall minimise the granting of non-voluntary licences in order not to impede adequate protection of patent rights.

Non-voluntary licences shall be non-exclusive.

In granting a non-voluntary licence, reasonable compensation shall be provided to the patentee.

Judicial review shall be available to the following cases:

- (a) the granting of non-voluntary licences and compensation therefor; and
- (b) forfeiture of a patent where applicable.

A patent may not be forfeited only on the grounds stipulated in (i), (ii) and (iii).

Part 3. Integrated Circuit

(1) Definition

For the purpose of this Agreement

- (i) "integrated circuit" means a product, in its final form or an intermediate form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and/or on a piece of material and which is intended to perform an electronic function,
- (ii) "Layout-design (topography)" means the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture,

(iii) "holder of the right" means the natural person who, or the legal entity which, according to the applicable law, is to be regarded as the beneficiary of the protection referred to in (4) of this section,

(iv) "protected layout design (topography)" means a layout-design (topography) in respect of which the conditions of protection referred to in this Agreement are fulfilled.

(2) The Subject Matter

1. [Obligation to Protect Layout-Designs (Topographies)]

(a) Each Participant shall have the obligation to secure, throughout its territory, intellectual property protection in respect of layout-designs (topographies) in accordance with this Agreement.

(b) The right of the holder of the right in respect of an integrated circuit includes the right to transfer, to lease, to exhibit for the purpose of transferring or leasing, and to import not only integrated circuit but also products containing such integrated circuit.

(c) Notwithstanding (1)(i), any Participant whose law limits the protection of layout-designs (topographies) to layout-designs (topographies) of semiconductor integrated circuits shall be free to apply that limitation as long as its law contains such limitation.

2. [Requirement of Originality]

(a) The obligation referred to in paragraph 1(a) shall apply to layout-designs (topographies) that are original in the sense that they are the result of their creators' own intellectual effort and are not commonplace among creators of layout-designs (topographies) and manufacturers of integrated circuits at the time of their creation.

(b) A layout-design (topography) that consists of a combination of elements and interconnections that are commonplace shall be protected only if the combination, taken as a whole, fulfills the conditions referred to in subparagraph (a).

(3) The Legal Form of the Protection

Each Participant shall be free to implement its obligations under this Agreement through a special law on layout-designs (topographies) or its law on copyright, patents, utility models, industrial designs, unfair competition or any other law or a combination of any of those laws.

(4) The Scope of the Protection

1 [Acts Requiring the Authorization of the Holder of the Right]

(a) Any Participant shall consider unlawful the following acts if performed without the authorization of the holder of the right,

(i) the act of reproducing, whether by incorporation in an integrated circuit or otherwise, a protected layout-design (topography) in its entirety or any part thereof, except the act of reproducing any part that does not comply with the requirement of originality referred to in (2)2.

(ii) the act of importing, selling or otherwise distributing for commercial purposes a protected layout-design (topography), an integrated circuit in which a protected layout-design (topography) is incorporated or a product incorporating such an integrated circuit.

(b) Any Participant shall be free to consider unlawful also acts other than those specified in subparagraph (a) if performed without the authorization of the holder of the right.

2. [Acts not Requiring the Authorization of the Holder of the Right]

(a) Notwithstanding paragraph 1, no Participant shall consider unlawful the performance, without the authorization of the holder of the right, of the act of reproduction referred to in paragraph 1(a)(i) where that act is performed by a third party for private purposes or for the sole purpose of evaluation, analysis, research or teaching.

(b) Where the third party referred to in subparagraph (a), on the basis of evaluation or analysis of the protected layout-design (topography) ("the first layout-design (topography)"), creates a layout-design (topography) complying with the requirement of originality referred to in (2) 2 ["the second layout-design (topography)"], that third party may incorporate the second layout-design (topography) in an integrated circuit or perform any of the acts referred to in paragraph 1 in respect of the second layout-design (topography) without being regarded as infringing the rights of the holder of the right in the first layout-design (topography).

(c) The holder of the right may not exercise his right in respect of an identical original layout-design (topography) that was independently created by a third party.

3. [Exceptions with respect to innocent third party]

Protection shall not be extended in case of transfer, lending, exhibition with a purpose of transfer of lending, or importation, as commercial transactions by a person who did not know, and had no fault in not knowing the fact that the integrated circuit was reproduced without authorization or a product in which such integrated circuit is incorporated.

However, once the third party becomes aware that the integrated circuit was reproduced without authorization, the right holder may claim to the third party any loss incurred by the conduct thereafter.

4. [Exhaustion of Rights]

Notwithstanding paragraph 1 (a)(ii), any Participant may consider lawful the performance, without the authorization of the holder of the right, of any of the acts referred to in that paragraph where the act is performed in respect of a protected layout-design (topography), or in respect of an integrated circuit in which such a layout-design (topography) is incorporated, that has been put on the market by, or with the consent of, the holder of the right.

5. Exploitation, Registration, Disclosure

1. [Faculty to Require Exploitation]

Any Participant shall be free not to protect a layout-design (topography) until it has been ordinarily commercially exploited, separately or as incorporated in an integrated circuit, somewhere in the world.

2. [Faculty to Require Registration, Disclosure]

(a) Any Participant shall be free not to protect a layout-design (topography) until the layout-design (topography) has been the subject of an application for registration, filed in due form with the competent public authority, or of a registration with that authority, it may be required that the application be accompanied by the filing of a copy or drawing of the layout-design (topography) and, where the integrated circuit has been commercially exploited, of a sample of the integrated circuit, along with information defining the electronic function which the integrated circuit is intended to perform, however, the applicant may exclude such parts of the copy of drawing that relate to the manner of manufacture of the integrated circuit, provided that the parts submitted are sufficient to the manner to allow the identification of the layout-design (topography).

(b) Where the filing of an application for registration according to subparagraph (a) is required, the Participant may require that such filing be effected within a certain period of time from the date on which the holder of the right first exploits ordinarily commercially anywhere in the world the layout-design (topography) of an integrated circuit, such period shall not be less than two years counted from the said date.

(c) Registration under subparagraph (a) may be subject to the payment of a fee.

(6) The Duration of the Protection

The duration of protection shall be at least 10 years from the date of registration or from the first date of commercial exploitation.

SECTION II. ENFORCEMENT

(N.B.) to be elaborated.