

Introduction to TRIPs Agreement

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1. Introduction

At present, the products of intellectual creativity such as inventions, designs, know-how and artistic works serve an important role, and in order to promote such creative activity, inventions, industrial designs, literary and artistic works, layout-designs of integrated circuits, trade secrets and so on are given protection. Furthermore, trademarks and other such signs are also protected so as to secure the trust obtained through business activities, as well as protect consumers and ensure fair competition.

In international trade, the proportion of goods and services consisting of intellectual property has increased dramatically, and if the intellectual property protection offered by countries is inadequate or inappropriate, there is a danger of distorting the international trade order. However, in developing countries, although systems existed for the protection of intellectual property, there were many countries where the standard of protection was inadequate, for example the extent of protection was limited or the period of protection was extremely short, or enforcement of intellectual property rights could not be guaranteed to be sufficiently effective. Even among developed nations, there were some countries with systems that gave too much protection to intellectual property or discriminated between internal and external sources.

For these reasons, from the perspective of improving the international trade order, there was increasing recognition of the necessity to develop a framework to ensure appropriate protection of intellectual property. In the intellectual property field there already existed a number of agreements for the international protection of intellectual property, such as the Paris Convention related to industrial property rights including patents and trademarks, and the Berne Convention concerning copyright. However, with more emphasis being placed on the trade-related aspects of intellectual property, it was seen as an urgent task to attain international agreement in the context of GATT, with as many nations as possible participating, concerning

standards of protection of intellectual property associated with trade.

In this climate, the negotiations concerning Trade-Related Aspects of Intellectual Property Rights (TRIPS) became one of the important new areas for discussion at the Uruguay Round of GATT, begun in 1986. Along with other agreements to come out of the Uruguay Round, the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) was finally agreed upon at the ministerial meeting in Marrakesh, Morocco in April 1994, and came into force as part of the WTO Agreement on January 1, 1995.

2. Overview of the TRIPS Agreement

The TRIPS Agreement covers the issues of protection of intellectual property in trade-related areas to a significant degree, and is seen as a comprehensive new framework prescribing standards of intellectual property protection. Further, the TRIPS Agreement has the added significance of being the first international agreement concerning all types of intellectual property with numerous substantive provisions.

2.1 Process of TRIPS entering into force

The problems of protecting intellectual property rights were first discussed as an international trade issue at GATT during the Tokyo Round in 1978. At the Tokyo Round there was debate and policy coordination regarding international rules for strengthening strategies against counterfeit goods.

There had also been debate about the international protection of intellectual property at the World Intellectual Property Organization (WIPO), a specialized agency of the UN.

However, in the context of WIPO, a number of problems were pointed out, including:

- (1) Treaties are difficult to enforce, and the WIPO General Assembly can only recommend corrective measures.
- (2) Adoption of treaties is based on the principle of consensus among all Members, and whether Member States accede to a treaty or not is left entirely up to them.

In other words, in the WIPO, if a Member State violates a treaty, prompt measures to remedy the breach are unlikely to occur. Moreover, there were many incidents of debates on treaty formation and treaty revision becoming deadlocked due to the conflict between the interests of developed and developing nations.

Consequently, the United States, which desired stronger international

protection of intellectual property, cast the problems of developing countries' IP protection systems and their administration as trade problems, and in an attempt to resolve these issues, pressed to make "trade-related aspects of intellectual property including trade in counterfeit goods" (TRIPS) an item for negotiation at the international forum concerning trade issues, namely GATT (General Agreement on Tariffs and Trade). Thus at the ministerial meeting of GATT held in September 1986 in Punta del Este in Uruguay, it was decided to begin negotiations on TRIPS. The debate began, and in January 1987, the decision was made to form negotiation plans and negotiation groups in 15 fields.

Subsequently in December 1988, an interim report was put together at the ministerial meeting in Montreal, and in April 1989 a senior officials meeting was held. However, the first stages of TRIPS negotiations were marked by strong differences in opinion between developed countries, which wanted discussions focused on appropriate and effective protection of intellectual property rights, and developing countries, which argued that GATT did not have a mandate to conduct debate on the protection of IP rights. As a result, discussions continued with the mandate argument set aside for the time being, but there remained intense conflict between the opinions of developed and developing countries, and negotiations made little headway.

At first, the Uruguay Round of negotiations was supposed to conclude after 4 years at the end of 1990, but negotiations became bogged down over issues of agriculture and other items, and it was decided in December 1990 at the ministerial meeting in Brussels to extend and continue negotiations.

In April 1991 the negotiation groups were reorganized from 15 into 7, and in December the same year, GATT Director-General Dunkel presented a proposal for final agreement. In November 1992, the US and Europe reached general agreement on agricultural issues, and the debate converged, with substantive negotiations finally concluding in December 1993. In April 1994 at the ministerial meeting in Marrakesh, Morocco, agreement was reached on all points of negotiation, and the

TRIPS Agreement came into force together with the WTO Agreement in January 1995.

It is thought that the reason why agreement could be reached on the TRIPS negotiations despite the heated debate between developed and developing countries, was that the Uruguay Round agreement was adopted in the form of a single, overall undertaking. In other words, although the TRIPS Agreement itself, which was the outcome of the TRIPS negotiations, was disadvantageous to developing countries, there were other areas of negotiation such as agriculture and textiles which led to results benefiting developing countries, and therefore agreement was achieved for the Uruguay Round negotiations as a whole.

2.2 Features of the TRIPS Agreement

The TRIPS Agreement is a detailed and expansive agreement consisting of 73 Articles divided into 7 Parts.

Part I consists of general provisions and basic principles.

Member countries are obliged to enact domestic legislation to give effect to the provisions of the TRIPS Agreement, which defines “intellectual property” as “all categories of intellectual property that are the subject of Sections 1 through 7 of Part II” of the Agreement, namely copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs (topographies) of integrated circuits, and protection of undisclosed information (trade secrets) (Article 1).

Further, the TRIPS Agreement provides that Members shall comply with their obligations concerning intellectual property rights under existing treaties (Article 2). These treaties that must be complied with are specified as the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome Convention) and the Treaty on Intellectual Property in Respect of Integrated Circuits (IPIC Treaty).

In previous treaties concerning intellectual property rights, since there were only provisions establishing national treatment, problems would sometimes arise where persons from specific countries would be awarded greater protection than the country's own nationals. Although this kind of occurrence was not usual, it was sometimes granted as a tradeoff in return for other items as a result of bilateral negotiations between countries. Therefore, in the TRIPS Agreement, both national treatment (Article 3) and most-favoured-nation treatment (Article 4) were provided as basic principles. Although most-favoured-nation treatment was stipulated in GATT previously, this applied only to "goods", in other words imported and exported products, whereas in the TRIPS Agreement it came to be applied to "persons" as the holders of intellectual property rights, that is, both natural and legal persons.

Part II of the TRIPS Agreement provides standards concerning the availability, scope and use of intellectual property rights. The contents of the provisions will be described in detail later, but can be summarized as follows.

- **Copyright and Related Rights (Section 1)**

Provisions are included regarding clarification of the relation to the Berne Convention (Article 9), protecting the copyright of computer programs and compilations of data (Article 10), rental rights (Article 11), the term of protection (Article 12), and protection of performers, producers of phonograms (sound recordings) and broadcasting organizations (Article 14).

Regarding the protection of computer programs and compilations of data, there had been moves led by developed countries to improve their copyright system so as to afford protection to these rights through copyright law, but there were no clear provisions in the Berne Convention. The TRIPS Agreement therefore made express provision for the protection of computer programs and databases using copyright.

Further, the Berne Convention permits other countries to provide for a limited right of reproduction, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate

interests of the author (Article 9(2)). In fact, many countries' copyright laws permit the private copying of works by the user, and therefore it is not a violation of copyright to reproduce CDs and records etc. for personal enjoyment. However, due to the existence of rental businesses that are predicated on private copying, this leads to a decrease in CD and record sales and copyright holders are denied their proper benefits. Therefore, countries have recognized rental rights, which enable copyright holders to license the rental of their works and claim remuneration for this. The TRIPS Agreement obligates Members to establish rental rights at least regarding computer programs and films.

- **Trademarks (Section 2)**

The Paris Convention makes provision for the independence of each country in the protection of trademarks (Article 5), the protection of well-known marks (Article 6(2)), the protection of state emblems etc. (Article 6(3)), the assignment of marks (Article 6(4)), the protection of marks registered in other countries (Article 6(5)), the protection of service marks (Article 6(6)), the protection of collective marks (Article 7(2)), and the protection of trade names (Article 8). The TRIPS Agreement supplements these provisions with extra provisions concerning protectable subject matter (Article 15), rights conferred (Article 16) and the term of protection (Article 18), etc.

Further, in contrast to the Paris Convention, which only provided that service marks must be protected, the TRIPS Agreement requires the establishment of a registration system for service marks.

- **Geographical indications (Section 3)**

The TRIPS Agreement provides additional protection regarding wines and spirits (Article 23), offering more thorough protection.

- **Industrial designs (Section 4)**

The TRIPS Agreement contains provisions concerning the requirements for protection (Article 25) and the protection itself (Article 26). Since some countries adopt the registration approach to protection of industrial designs in the same way

as patents, while other countries protect them as creative works in the same way as copyright, the TRIPS Agreement states that Members may protect industrial designs under either system.

- **Patents (Section 5)**

The TRIPS Agreement includes many substantive provisions not covered by the Paris Convention, including patentable subject matter (Article 27), rights conferred (Article 28), conditions on patent applicants (Article 29), exceptions to rights conferred (Article 30), other use without authorization of the right holder (Article 31), revocation/forfeiture (Article 32), term of protection (Article 33), and the burden of proof for process patents (Article 34).

- **Layout-designs of integrated circuits (Section 6)**

The TRIPS Agreement establishes provisions to supplement the IPIC Treaty related to intellectual property rights for integrated circuits regarding the scope of the protection (Article 36), acts not requiring the authorization of the right holder (Article 37), and the term of protection (Article 38).

- **Protection of undisclosed information (Section 7)**

The TRIPS Agreement provides protection of information that has been kept secret (undisclosed information) such as knowhow and trade secrets, as well as information submitted to governments or governmental agencies (Article 39).

Further, a characteristic of the TRIPS Agreement is that it contains provisions regarding enforcement of intellectual property rights. Part III of the Agreement contains detailed provisions regarding general obligations (Section 1), civil and administrative procedures and remedies (Section 2), provisional measures (Section 3), special requirements related to border measures (Section 4), and criminal procedures (Section 5).

In particular, the provisions relating to regulatory measures at a country's border require Members to ensure that their procedures are clear and transparent, and Members are also obliged to recognize right holders' rights to bring claims regarding their trademarks and copyright.

Consequently, the TRIPS Agreement promoted international harmonization of systems related to the enforcement of IP rights, and particularly with regard to border controls, the debate begun at the Tokyo Round of negotiations was embodied in the Agreement, guaranteeing appropriate enforcement of intellectual property rights.

The TRIPS Agreement also contains provisions regarding acquisition and maintenance of intellectual property rights and related inter-partes procedures (Part IV), dispute prevention and settlement (Part V), provisional arrangements (Part VI), and institutional arrangements and final provisions (Part VII). Regarding consultation and dispute resolution concerning the TRIPS Agreement, in principle the related provisions of GATT are uniformly applied.

Further, a Council for TRIPS was set up in the WTO to focus exclusively on problems related to IP rights, and as well as monitoring the implementation of the TRIPS Agreement, Member countries are given the opportunity to discuss related items.

Additionally, since the TRIPS Agreement provides for a high level of protection, developing countries and least developed countries were granted extensions on deadlines to implement the TRIPS Agreement, but most of these periods have now elapsed.

3. Content of the TRIPS Agreement

3.1 General provisions and basic principles (Part I)

3.1.1 Nature and scope of obligations

The TRIPS Agreement prescribes that Members must set minimum standards of protection (Article 1(1)). Minimum standards mean

- (1) Minimum standards that must be uniformly complied with by all Members, and
- (2) Members are not prohibited from implementing in their law more extensive protection than is required by the TRIPS Agreement.

Further, the TRIPS Agreement defines intellectual property as all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the Agreement, namely copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs (topographies) of integrated circuits, and protection of undisclosed information (trade secrets) (Article 1(2)).

3.1.2 Relation to other conventions

The TRIPS Agreement refers to the substantive provisions of the Paris Convention for the Protection of Industrial Property (Articles 1 through 12, and Article 19), and provides that Members must comply with those provisions of the Paris Convention, even if they are not party to that Convention (Article 2(1)).

Therefore it is said that the TRIPS Agreement adopts a “Paris Plus” approach.

The TRIPS Agreement also refers to the substantive provisions of the Berne Convention for the Protection of Literary and Artistic Works (Articles 1 through 21, but not including Article *6bis*), and provides that Members must comply with those provisions of the Berne Convention, even if they are not party to that Convention (Article 9(1)). Thus it is also said that the TRIPS Agreement adopts a “Berne Plus” approach.

However, since Article *6bis* of the Berne Convention (Moral Rights) is

excluded from the TRIPS Agreement, the level of protection in the TRIPS Agreement regarding the moral rights of authors is lower than that in the Berne Convention.

As a result, not only does the TRIPS Agreement impose an obligation on Members to comply with the Paris and Berne Conventions whether or not they are party to those Conventions, but it also means that violations of the Paris and Berne Conventions are dealt with using the WTO's dispute resolution procedures.

Thus, cases of developing countries' intellectual property systems contravening obligations imposed by the Paris or Berne Conventions are resolved through the WTO dispute resolution procedures.

3.1.3 National Treatment

The TRIPS Agreement provides for national treatment (Article 3(1)).

National treatment means that Members are required to treat nationals of other countries the same as their own nationals. In international treaties on intellectual property, this principle of national treatment is already included in the Paris and Berne Conventions.

It is necessary to take into account that the former principle of national treatment embodied in GATT only applied to the equal treatment of imported goods and domestic products.

As a result of the inclusion of national treatment in the TRIPS Agreement, it has become clear that

- (1) the principle now also applies to intellectual property not subject to the Paris or Berne Conventions (trade secrets, etc.), and
- (2) the principle now also applies to the enforcement of intellectual property rights.

3.1.4 Most-Favoured-Nation Treatment

The TRIPS Agreement provides for Most-Favoured-Nation treatment (Article

4).

Most-Favoured-Nation treatment was a basic assumption in GATT, but it had not been applied to international treaties concerning intellectual property.

Therefore, the TRIPS Agreement is significant as the first international treaty concerning intellectual property to apply Most-Favoured-Nation treatment.

The difference between national treatment and Most-Favoured-Nation treatment is that while national treatment requires that foreign nationals are treated the same or better than domestic nationals, Most-Favoured-Nation treatment is the principle that all foreign nationals must be treated equally.

Consequently, according to Most-Favoured-Nation treatment, if country A offers country B certain benefits or privileges, it must automatically offer these to all other countries. Therefore, a consequence of Most-Favoured-Nation treatment is that the outcomes of bilateral agreements automatically extend to other countries as well.

It must be noted that the former principle of Most-Favoured-Nation treatment embodied in GATT only applied to the equal treatment of imported goods and domestic products.

3.1.5 Multilateral agreements

The TRIPS Agreement provides that the procedures provided in existing WIPO agreements relating to the acquisition or maintenance of intellectual property rights are exceptions to the principles of national treatment and Most-Favoured-Nation treatment (Article 5).

Thus, for example, even if a country is a Member of the TRIPS Agreement, if they are not party to the Patent Cooperation Treaty (PCT), they are unable to receive the benefits of national treatment and Most-Favoured-Nation treatment under the PCT.

3.1.6 Exhaustion of rights

During the TRIPS negotiations, the international exhaustion of IP rights, in other words, the problem of parallel importing of genuine products was discussed, but the arguments of each country were different and a conclusion could not be reached.

Therefore, the TRIPS Agreement provides that except for the national treatment and Most-Favoured-Nation provisions, the Agreement shall not address the issue of the exhaustion of intellectual property rights (Article 6).

Accordingly, the TRIPS Agreement does not contain any provisions relating to the international exhaustion of intellectual property rights or the parallel importing of genuine products, and these issues are left to be dealt with by the domestic laws of each Member.

4. Standards concerning the availability, scope and use of intellectual property rights

4.1 Copyright

Based on the recognition that among the categories of intellectual property, creative works are the easiest to copy, the TRIPS Agreement provides for the protection of such works including computer programs, cinematographic works and records.

4.1.1 Principles of copyright protection

The basic international treaty protecting copyright is the Berne Convention. As well as making compliance with the levels of protection under the Berne Convention a basic requirement for Members, the TRIPS Agreement further raises and expands the levels of protection.

The three main principles of the Berne Convention are (1) national treatment, (2) application of the law of the forum, and (3) automatic protection (no formalities).

As already described, national treatment means that a Member must grant the author of a work from another Member country the same treatment and the same rights as the Member currently grants or will in the future grant its own nationals.

Application of the law of the forum means that the protection of works is based on the laws of the country where protection for the work is claimed, not the country of the author's nationality or the country of origin of the work.

Automatic protection means that the rights adhering to a work arise simply when the work is created and no formalities are necessary. Thus the person who has created the work automatically obtains the copyright, as a result of the act of creating the work.

4.1.2 Works

4.1.2.1 Protected works

Works protected by copyright are those which creatively express thoughts and emotions, in literary, scientific, artistic, musical, architectural and other fields.

The Berne Convention provides that “the expression “literary and artistic works” shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science” (Article 2).

4.1.2.2 Protection of computer programs and compilations of data

The Berne Convention does not include provisions regarding computer programs or databases, and it was left up to the Member countries to decide whether or not to afford these copyright protection.

In contrast, the TRIPS Agreement provides that “computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention” (Article 10(1)).

Thus, the TRIPS Agreement clearly prescribes that they shall receive copyright protection, whether they are in source code or object code.

Further, although in the Berne Convention literary or artistic works such as encyclopaedias, which by reason of the selection and arrangement of their contents, constitute intellectual creations are subject to protection (Article 2(5)), there is no express provision that databases are subject to protection, and interpretations of

the text are unclear.

In contrast, the TRIPS Agreement provides that “compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such” (Article 10(2)), clearly stipulating that databases must be protected as copyright works.

4.1.3 Nature of copyright

4.1.3.1 What is copyright?

The Berne Convention provides that the copyright, which is a property right owned by the author, includes the right of translation (Article 8), the right of reproduction (Article 9), the rights of performance and communication (Article 11), the rights of broadcasting or transmitting (Article 11*bis*), the right of public recitation (Article 11*ter*), the rights of adaptation and arrangement (Article 12), and the rights of cinematographic adaptation, reproduction, distribution, public performance and public communication (Article 14).

Further, the Berne Convention states that a cinematographic work shall be protected as an original work and the owner of copyright in a cinematographic work shall enjoy the same rights as the author of an original work (Article 14*bis*).

On the other hand, the Berne Convention imposes certain limits on the rights of authors, permitting the use of works that have already been lawfully made available to the public (Article 10), and the reproduction, etc. of articles on current events (Article 10*bis*).

4.1.3.2 Rental rights

The TRIPS Agreement recognizes rental rights apart from the copyright protection prescribed in the Berne Convention (Article 11). It provides that “in respect of at least computer programs and cinematographic works, a Member shall provide authors and their successors in title the right to authorize or to prohibit the

commercial rental to the public of originals or copies of their copyright works.”

The wording “at least” indicates that in the TRIPS Agreement, the works subject to rental rights are computer programs and cinematographic works, and it is not required that other works be subject to rental rights.

4.1.3.3 Term of protection of copyright

In the Berne Convention, the term of copyright protection is stipulated as follows:

- (1) The life of the author and fifty years after his death (Article 7(1))
- (2) Cinematographic works: fifty years after the work has been made available to the public with the consent of the author, (or if the work has not been made available to the public within fifty years from the making of such a work, fifty years after the making) (Article 7(2))
- (3) Anonymous or pseudonymous works: fifty years after the work has been lawfully made available to the public (Article 7(3))
- (4) Photographic works and that of works of applied art in so far as they are protected as artistic works: it is a matter for legislation in each country, however, the term of protection shall last at least twenty-five years from the making of such a work (Article 7(4)).

The TRIPS Agreement provides that whenever the term of protection of a work, other than a photographic work or a work of applied art, is calculated on a basis other than the life of a natural person,

- (1) such term shall be no less than 50 years from the end of the calendar year of authorized publication, or
- (2) failing such authorized publication within 50 years from the making of the work, 50 years from the end of the calendar year of making (Article 12).

Thus the TRIPS Agreement makes provision for the term of protection in the

case that the work is created by a legal person not a natural person, which was not provided for in the Berne Convention.

4.1.3.4 Limitations and exceptions regarding copyright

The TRIPS Agreement provides that “Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder” (Article 13).

In comparison, the Berne Convention applies limitations to the copyright right of reproduction using similar wording to Article 13 of the TRIPS Agreement, and permits each country to enact its own laws imposing limitations and exceptions to the right of reproduction (Article 9(2)).

Further, based on the same requirement as Article 9(2) of the Berne Convention, the TRIPS Agreement provides for recognition of limitations or exceptions to all rights of the copyright holder, including the right of reproduction (Article 13).

4.1.3.5 Moral rights of the author

The Berne Convention provides that “independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation” (Article 6*bis*).

The moral rights of the author consist of

- (1) the right of publication (the right to provide and present an unpublished work to the public)
- (2) the right to display the author’s name (the right to display or not to display the author’s real name or pseudonym on the original work or work to be provided and presented to the public)

- (3) the right of integrity (the right to prohibit any modification to the work or its title, such as an alteration or removal).

Furthermore, the moral rights of an author are rights to reputation that are independent from copyright, being exclusive to the person and non-assignable, and the term of protection is unlimited.

In the TRIPS Agreement, not only are provisions concerning the moral rights of authors not included, but Article 9(1) actually excludes moral rights from the scope of application of the TRIPS Agreement, for the reason that they fall outside the purpose of an agreement dealing with the trade-related aspects of intellectual property rights.

4.1.3.6 Copyright-related rights

Copyright-related rights are rights that protect the investment of money, labour and knowledge, etc. involved in the communication of works to the general public by performers such as singers and actors, producers of phonograms, and broadcasting organizations. They comprise

- (1) rights of performers
- (2) rights of producers of phonograms
- (3) rights of broadcasters.

Further, the Rome Convention, which is designed to give international protection to copyright-related rights includes the following features:

- (1) It stipulates the minimum protection for performers, etc.
- (2) It employs the principle of national treatment
- (3) It recognizes the right of performers and producers of phonograms to claim remuneration regarding secondary uses such as broadcasts of phonograms published for commercial purposes
- (4) It provides a term of protection.

In contrast, the TRIPS Agreement, while providing that the Members must comply with the Rome Convention, does not refer to the text of the Rome Convention but instead provides its own text (Article 14).

Furthermore, the TRIPS Agreement provides for the granting of rental rights to producers of phonograms and any other right holders in phonograms as determined in a Member's law to license or prohibit the commercial rental of phonograms (Article 14(4)).

4.2 Trademarks

4.2.1 Protection of trademarks under the Paris Convention

Since the subject matter of trademark protection differed in each country, the Paris Convention did not provide any definitions relating to trademarks, but simply stipulated the principle that with regard to requirements for filing and registration, "the conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation" (Article 6(1)).

In general a "trademark" is a letter or symbol used to indicate a product or service, and the functions of trademarks include:

- (1) an indication of the source of the product etc.
- (2) a guarantee of the quality of the product etc.
- (3) an advertisement for the product etc.

The trademark system protects not only users of the trademark, but the customers who purchase or use the product carrying the trademark.

Further, the Paris Convention contains the principle of independence of trademark protection, that is, "an application for the registration of a mark filed by a national of a country of the Union in any country of the Union may not be refused, nor may a registration be invalidated, on the ground that filing,

registration, or renewal, has not been effected in the country of origin” (Article 6(2)).

Additionally, the Paris Convention contains provisions concerning trademark protection such as (1) protection of well-known overseas marks (Article 6*bis*), (2) protection of state emblems etc. (Article 6*ter*), (3) assignment of marks (Article 6*quater*), (4) protection of marks registered in other countries (Article 6*quinquies*), (5) restrictions on registration and use of marks by an agent or representative (Article 6*septies*), (6) no restriction on the nature of the goods using the mark (Article 7), (7) collective marks (Article 7*bis*), (8) protection of trade names (Article 8), (9) regulation of goods unlawfully bearing a mark or trade name (Article 9), and (10) regulation of goods bearing false indications as to their source etc. (Article 10).

Further, regarding the protection of service marks, since the Paris Convention provides that “the countries of the Union undertake to protect service marks. They shall not be required to provide for the registration of such marks” (Article 6*sexies*), Members are only obliged to provide some form of protection for service marks, and are not required to establish a registration system.

4.2.2 Protection of trademarks under the TRIPS Agreement

4.2.2.1 Trademarks and protectable subject matter

With respect to what constitutes a protectable trademark, the TRIPS Agreement provides that “any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark” (Article 15(1)).

Thus, the TRIPS Agreement treats trademarks attached to goods the same as service marks that indicate services, and Members must now establish a registration system for service marks.

Further, regarding the objects of trademark protection, the TRIPS Agreement provides that “signs, in particular words including personal names, letters,

numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks” (Article 15(1)).

In addition, the TRIPS Agreement recognizes that

- (1) where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use, and
- (2) Members may require, as a condition of registration, that signs be visually perceptible (Article 15(1)).

However, although the TRIPS Agreement provides that a Member may enable registration of a trademark due to use, it is stipulated that

- (1) actual use of a trademark shall not be a condition for filing an application for registration, and
- (2) an application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application (Article 15(3)).

Further, the TRIPS Agreement provides that Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford an opportunity for petitions to cancel the registration and oppositions to the registration of a trademark (Article 15(5)).

4.2.2.2 Rights conferred

The TRIPS Agreement provides that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered (Article 16(1)).

Further, the TRIPS Agreement states that the provisions in Article 6*bis* of the

Paris Convention

- (1) shall also apply to service marks (Article 16(2)), and
- (2) shall also apply to goods or services which are not similar to those in respect of which a trademark is registered (provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use) (Article 16(3)).

4.2.2.3 Term of protection

Regarding the term of trademark protection, the TRIPS Agreement provides that

- (1) initial registration, and each renewal of registration, of a trademark shall be for a term of no less than seven years, and
- (2) the registration of a trademark shall be renewable indefinitely (Article 18)

4.2.2.4 Requirement of use, licensing and assignment

The TRIPS Agreement provides that the registration of a trademark may be cancelled only after an uninterrupted period of at least three years of non-use (Article 19(1)). It is also provided that this does not apply if the trademark owner shows valid reasons for the non-use, such as import restrictions on the goods (Article 19(1)).

Further, the TRIPS Agreement provides that

- (1) Members may determine conditions on the licensing and assignment of trademarks,
- (2) the compulsory licensing of trademarks shall not be permitted, and
- (3) the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs (Article 21).

4.3 Geographical indications and the protection of geographical indications

4.3.1 Protection of geographical indications

The TRIPS Agreement provides that geographical indications are “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin” (Article 22(1)).

The TRIPS Agreement prohibits

(1) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good, and

(2) any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (Article 22(2)).

In addition, the TRIPS Agreement provides that a Member shall refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public (Article 22(3)).

4.3.2 Additional protection for wines and spirits

The TRIPS Agreements provides additional protection for the geographical indications of wines and spirits (Article 23). Specifically it provides that

(1) translation of a geographical indication or an indication accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like are prohibited, and

(2) The registration of a trademark which contains a geographical indication shall be refused or invalidated (Article 23(1)).

Further, the TRIPS Agreement contains exceptions to the additional protection for the geographical indications of wines and spirits, namely (1) prior use (Article 24(4)), (2) prior trademark (Article 24(5)), and (3) common name (Article 24(6)).

Also, the TRIPS Agreement provides that

- (1) negotiations shall be undertaken in the Council for TRIPS concerning the establishment of a multilateral system of notification and registration of geographical indications for wines (Article 23(4)),
- (2) Members agree to enter into bilateral and multilateral negotiations aimed at increasing the protection of geographical indications (Article 24(1)), and
- (3) The Council for TRIPS shall begin a review of the application of the provisions relating to geographical indications (Article 24(2)).

4.4 Industrial designs

4.4.1 Protection of industrial designs under the Paris Convention

Since the protectable subject matter and modes were different in each country, the Paris Convention simply provides that “industrial designs shall be protected in all the countries of the Union” (Article *5quinquies*) and does not define an industrial design.

In general, an “industrial design” is equivalent to the “design” of an industrial product, and it involves the application of skill to an aspect such as the shape, colour, pattern or arrangement of an article, to make its exterior appear beautiful or provide it with a function.

The industrial design systems of countries can be broadly divided into (1) systems for registration of industrial designs in a similar way to patents, by performing an examination regarding the requirements for registration (patent approach), and (2) systems in which rights automatically arise upon the creation of the product, in a similar way to copyright, or systems for registration not involving an examination on registration requirements (copyright approach).

4.4.2 Protection of industrial designs under the TRIPS Agreement

4.4.2.1 Requirements for protection

The TRIPS Agreement provides that

- (1) Members shall provide for the protection of independently created industrial designs that are new or original, and
- (2) Members may provide that such protection shall not extend to designs that are not new or original because they do not significantly differ from known designs or combinations of known design features (Article 25(1)).

This provision was made so as to cover both the patent approach and the copyright approach used in different jurisdictions.

Further, the TRIPS Agreement provides that requirements for securing protection for textile (clothing) designs must not unreasonably impair the opportunity to seek and obtain such protection (Article 25(2)).

This seeks to ensure that for Members employing the patent approach when registering industrial designs such as textiles (clothing), which have a short lifecycle, registration is conducted speedily.

4.4.2.2 Nature of rights and term of protection

Regarding the scope and effect of industrial design rights, the TRIPS Agreement provides that the owner of a protected industrial design shall have the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes (Article 26(1)).

Further, the TRIPS Agreement provides that Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of

the protected design, taking account of the legitimate interests of third parties (Article 26(2)).

In addition, the TRIPS Agreement provides that the duration of protection available for industrial designs shall amount to at least 10 years (Article 26(3)).

Thus, the TRIPS Agreement can be seen as the first international treaty to include substantive provisions relating to the protection of industrial designs.

4.5 Patents

4.5.1 Protection of patents under the Paris Convention

The Paris Convention's provisions concerning patent protection include (1) right of priority system (Article 4), (2) independence of patents in different countries (Article *4bis*), (3) mention of the inventor in the patent (Article *4ter*), (4) patentability of inventions in cases of restrictions of sale (Article *4quater*), (5) compulsory licenses in cases of failure to work (Article 5), (6) period of grace for the payment of fees, restoration of patents (Article *5bis*), (7) cases not considered infringements of patent rights (Article *5ter*), and (8) the effect of patents for the manufacturing process of a product (Article *5quater*).

However, the Paris Convention does not contain substantive provisions concerning the protection of patents, such as patentable subject matter, the effect of patent rights, and the term of patent protection. It was also problematic in that the provisions on compulsory licenses in cases of failure to work were unclear.

Therefore, the TRIPS Agreement's provisions stipulate patentable subject matter, the effect of patent rights, the term of patent protection, and other substantive provisions governing patent protection. There are also detailed and express provisions on compulsory licenses.

4.5.2 Patent protection in the TRIPS Agreement

4.5.2.1 Patentable subject matter

Regarding patentable subject matter, the TRIPS Agreement provides that

- (1) patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application, and
- (2) patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced (Article 27(1)).

However, the TRIPS Agreement provides the following exceptions to patentable subject matter:

- (1) Members may exclude inventions from patentability in order to protect public order or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment (Article 27(2)), and
- (2) Members may also exclude from patentability diagnostic, therapeutic and surgical methods for the treatment of humans or animals, plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes (Article 27(3)).

Further, the TRIPS Agreement provides that regarding special plant varieties, Members shall provide for their protection either by patents or by an effective *sui generis* system or by any combination thereof (Article 27(3)). The TRIPS Agreement prohibits Members from making unreasonable exceptions to patentable subject matter, and apart from limited exceptions it states the principle that any invention, whether a product or process, in all fields of technology, should be granted patent rights if it fulfills the patent requirements. Therefore, provisions excluding inventions in particular fields such as pharmaceuticals, chemicals and foods from patentable subject matter, which in the past had been enacted particularly in the laws of developing countries, now conflict with the TRIPS Agreement, giving rise to the expectation that protection of inventions in

developing countries will be improved. Further, as will be described later, the TRIPS Agreement recognizes a period of grace of 10 years for developing countries that did not have a product patent system at the time that the WTO Agreement came into force, to establish a product patent system (Article 65(4)).

However, even in relation to these countries, where a Member does not make available as of the date of entry into force of the WTO Agreement patent protection for pharmaceutical and agricultural chemical products, they must establish measures equivalent to recognizing patent applications for these inventions from the date of entry into force of the WTO Agreement (Article 70(8)).

Further, the TRIPS Agreement contains provisions comprehensively prohibiting discrimination, namely (1) discrimination as to the place of invention, (2) discrimination as to the field of technology, and (3) discrimination as to whether products are imported or locally produced. The prohibition against discrimination as to the place of invention was enacted in light of Article 104 of the former US Patent Law; the prohibition against discrimination as to the field of technology was directed at the state of affairs operating in some countries whereby the conditions of application of compulsory licenses in certain fields were not as strict as in other fields; and the prohibition against discrimination regarding imported versus local produce was included to stop the act of importing patented goods, etc. being regarded as working the patented invention.

4.5.2.2 Rights conferred

The TRIPS Agreement provides that a patent shall confer on its owner the following exclusive rights:

- (1) where the subject matter of a patent is a product: the acts of making, using, offering for sale, selling, or importing for these purposes that product, and
- (2) where the subject matter of a patent is a process: the acts of using, offering for sale, selling, or importing for these purposes at least the

product obtained directly by that process (Article 28(1)).

Thus the TRIPS Agreement is characterized by the fact that the effect of manufacturing process patents extends to the products obtained directly by the patented process, which was an issue giving rise to different interpretations under the Paris Convention, and that the act of importing such products is also the subject of exclusive rights.

In the case of patented products, whether or not to make the act of importing the subject of exclusive rights was a point of dispute. Countries such as the US which did not have provisions in their own laws making importation and exclusive act were opposed to this, bringing in interpretations of parallel importing of genuine goods. Therefore, a footnote was added to the provision, giving priority to the application of Article 6 (Exhaustion of rights), making it clear that the provision required Members only to prohibit the importation of infringing products.

In the case of processes patents, whether or not to make the effect of a process patent extend to acts of selling, etc. a product obtained directly by that process was also a point of contention. This was due to the fact that developing countries such as India did not have similar provisions in their domestic laws, and they argued among other things that products such as pharmaceuticals and chemicals should be excluded from patentable subject matter. However, developed countries, in order to cope with the situation of products manufactured in countries that did not have patents being imported into countries with a patent system, asserted that it was necessary not only for acts of using process patents but also acts of selling etc. products obtained directly by those process to be regarded as exclusive acts, and this argument prevailed.

The TRIPS Agreement also confirms that patent rights can be assigned or transferred by succession, and the patent owner can conclude licensing contracts (Article 28(2)).

4.5.2.3 Conditions on patent applicants

Recognizing that patent rights are exclusive rights conferred in return for making the invention public, from the perspective of maintaining a balance between this and strengthening the protection of patent rights, the TRIPS Agreement provides that regarding a patent owner's obligations, Members

- (1) shall require an applicant to disclose the invention in a sufficient manner when applying for a patent, and
- (2) may require the applicant to indicate the best mode for carrying out the invention (Article 29(1)).

Further, the TRIPS Agreement also provides that information must be submitted regarding foreign patent applications (Article 29(2)).

4.5.2.4 Exceptions to rights conferred

The TRIPS Agreement states that Members may provide limited exceptions to the rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties (Article 30). This provision reflects the patent law provisions in many countries concerning acts such as (1) exploiting a patented invention for the purpose of testing-related research, and (2) dispensing of drugs by doctors.

Attempts were made to list a limited number of exceptions to patent rights in the TRIPS Agreement, but since it would have been necessary to list extremely detailed and unusual cases to cover all specific exceptions to patent rights, it was decided instead to provide an umbrella clause clearly establishing the criteria for exceptions and taking into account both the interests of the patent owner and third parties.

4.5.2.5 Compulsory licenses

The TRIPS Agreement sets forth clear and detailed provisions concerning compulsory licenses, which come under other uses without the authorization of the right holder, so that by clarifying the conditions under which these can be established, it is ensured that they are established in appropriate cases (Article 31).

The specific provisions are as follows:

- (1) authorization of such use shall be considered on its individual merits (Article 31(a)),
- (2) such use may only be permitted if, prior to such use, the proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time (31(b)). (However, this requirement may be waived by a Member in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use. In situations of national emergency or other circumstances of extreme urgency, the right holder shall, nevertheless, be notified as soon as reasonably practicable. In the case of public non-commercial use, where the government or contractor, without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly),
- (3) the scope and duration of such use shall be limited to the purpose for which it was authorized, and in the case of semi-conductor technology shall only be for public non-commercial use or to remedy a practice determined after judicial or administrative process to be anti-competitive ((c)),
- (4) such use shall be non-exclusive ((d)),
- (5) such use shall be non-assignable, except with that part of the enterprise or

- goodwill which enjoys such use ((e)),
- (6) any such use shall be authorized predominantly for the supply of the domestic market of the Member authorizing such use ((f)),
- (7) authorization for such use shall be liable, subject to adequate protection of the legitimate interests of the persons so authorized, to be terminated if and when the circumstances which led to it cease to exist and are unlikely to recur. (The competent authority shall have the authority to review, upon motivated request, the continued existence of these circumstances) ((g)),
- (8) the right holder shall be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the authorization ((h)),
- (9) the legal validity of any decision relating to the authorization of such use shall be subject to judicial review or other independent review by a distinct higher authority in that Member ((i)),
- (10) any decision relating to the remuneration provided in respect of such use shall be subject to judicial review or other independent review by a distinct higher authority in that Member ((j)),
- (11) Members are not obliged to apply the conditions set forth in (2) and (6) where such use is permitted to remedy a practice determined after judicial or administrative process to be anti-competitive. (The need to correct anti-competitive practices may be taken into account in determining the amount of remuneration in such cases. Competent authorities shall have the authority to refuse termination of authorization if and when the conditions which led to such authorization are likely to recur) ((k)), and
- (12) where such use is authorized to permit the exploitation of a patent (“the second patent”) which cannot be exploited without infringing another patent (“the first patent”), the following additional conditions shall apply ((l)):
- (a) the invention claimed in the second patent shall involve an important

- technical advance of considerable economic significance in relation to the invention claimed in the first patent ((1)(i)),
- (b) the owner of the first patent shall be entitled to a cross-licence on reasonable terms to use the invention claimed in the second patent ((1)(ii)), and
- (c) the use authorized in respect of the first patent shall be non-assignable except with the assignment of the second patent ((1)(iii)).

4.5.2.6 Revocation or forfeiture

The TRIPS Agreement provides that an opportunity for judicial review of any decision to revoke or forfeit a patent shall be available (Article 32).

4.5.2.7 Term of protection

The TRIPS Agreement provides that the term of protection available shall not end before the expiration of a period of twenty years counted from the filing date (Article 33).

Therefore, under the TRIPS Agreement, Member countries must establish a term of protection for patents of at least 20 years from the filing date.

There was a conflict of opinions among signatories, with developed countries wanting a term of protection of at least 20 years, and developing countries such as India arguing that this should be left up to each country. In the end, the developed countries' view prevailed.

4.5.2.8 Burden of proof for process patents

Regarding patents of manufacturing processes, it is usually more difficult for the patent owner to prove the particular process than in the case of patented goods.

Therefore, regarding the burden of proof in process patent cases, the TRIPS Agreement reduces the onus on the patent owner and provides for adequate

protection of process patents by shifting the burden of proof to the defendant, who is the alleged infringer, in cases where certain conditions are met (Article 34).

The specific conditions giving rise to a shift in the burden of proof concerning process patents are:

- (1) the product obtained by the patented process is new, or
- (2) there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.

Either of these conditions may be used as grounds for shifting the burden of proof (Article 34(1), (2)).

However, when the burden of proof is shifted, the defendant (alleged infringer) may be requested to disclose various kinds of information, and may even be forced to disclose information that would be regarded as trade secrets.

This would be too severe on defendants.

Therefore, the TRIPS Agreement provides that when a defendant asserts that something is a trade secret or equivalent, etc., unless the patent owner rebuts with an argument as to the appropriateness of disclosure of the information, claiming that it does not constitute a trade secret or equivalent, the defendant will not have to disclose the information, and by only requiring the disclosure of information in a partial, restricted manner, the legitimate interests of the defendant are protected (Article 34(3)).

4.5.2.9 Utility models

Utility model systems protect so-called minor patents, but the TRIPS Agreement does not contain any provisions concerning utility models.

Consequently, countries do not have any obligations relating to utility model systems under the TRIPS Agreement and it is possible for each country to

establish their own individual utility model system.

Currently, many countries around the world employ utility model systems, and the number continues to increase. Utility model systems vary from country to country over issues such as the term of protection and whether or not to make registration subject to examination. It is evident that each country makes use of the utility model system to protect and develop their industries.

4.6 Protection of semiconductor integrated circuits

4.6.1 Outline of the IPIC Treaty

The Treaty on Intellectual Property in respect of Integrated Circuits (IPIC Treaty) was adopted at a diplomatic conference held in Washington in 1989, but due to a number of reasons including the fact that neither the US nor Japan ratified the treaty because they were unhappy with the nature of protection, the Treaty has not yet entered into force.

The IPIC Treaty contained provisions including (1) the application of national treatment, (2) stipulations that acts requiring authorization of the right holder include the act of reproducing a protected layout-design, and the act of importing or selling a protected layout-design or an integrated circuit in which a protected layout-design is incorporated, (3) provisions for compulsory licenses, (4) provisions protecting persons acting in good faith, (5) a term of protection of at least 8 years, and (6) dispute resolution procedures for issues regarding interpretation of the Treaty, etc.

4.6.2 Protection of Integrated Circuits in the TRIPS Agreement

The TRIPS Agreement's provisions are based on the IPIC Treaty, but the provisions in the latter regarding compulsory licenses are not applied. Instead the provisions in the TRIPS Agreement relating to compulsory licenses of patent rights are applied to integrated circuits as well (Article 37(2)).

Further, the term of protection is stipulated as at least 10 years (Article 38).

4.7 Trade secrets

A trade secret is information that has commercial value because it is a secret, and includes not only manufacturing processes, experiment data and other technical knowhow, but also business knowhow such as customer lists, sales methods and so on.

The protection of trade secrets does not entail protection in the form of rights, as with patents and copyright, but rather protection against unfair competitive practices, consisting of specific acts such as unlawful acquisition and unlawful use.

For this reason, a significant number of countries protect trade secrets through laws prohibiting unfair competition, but since there were no express provisions in the Paris Convention treating the unlawful acquisition and use of trade secrets as unfair competitive practices, there were no international conventions dealing with protection of trade secrets.

The TRIPS Agreement is the first international convention with express provisions relating to the protection of trade secrets.

The TRIPS Agreement provides that in order to ensure effective protection against unfair competition as provided in Article 10*bis* of the Paris Convention, persons shall be able to prevent trade secrets, (described in the Agreement as undisclosed information), from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices (Article 39(2)).

The TRIPS Agreement also provides that data concerning pharmaceutical or agricultural chemical products supplied to governments shall also be protected in the same way as trade secrets (Article 39(3)).

4.8 Control of anti-competitive practices

Some contractual licences may contain clauses that restrict competition,

such as grantback clauses (providing that the licensor shall be granted an exclusive licence in respect of an improvement invention created by the licensee).

To deal with these situations, the TRIPS Agreement provides that

- (1) clauses which restrain competition may have adverse effects on trade and may impede the transfer and dissemination of technology (Article 40(1)),
- (2) Members have the right to specify and control anti-competitive practices (40(2)),
- (3) If anti-competitive practices are carried out with respect to a Member country, that country may request consultations with the intellectual property right owner's country (40(3)), and
- (4) The country of the intellectual property right owner that becomes subject to regulation may request consultations with the country that has imposed the regulations (40(4)).

5. Enforcement of intellectual property rights

As has already been mentioned, one of the features of the TRIPS Agreement is that it contains provisions relating to the enforcement of IP rights. There is no point in enacting intellectual property laws unless rights can be appropriately enforced in response to infringements. Thus the TRIPS Agreement contains provisions concerning the enforcement of intellectual property rights. However, the enforcement of IP rights involves not only IP law, but also civil and criminal law, and since a country's judicial system is defined by their constitution, many of the provisions in the TRIPS Agreement concerning enforcement of IP rights are limited to general and abstract provisions. Nevertheless, it is extremely significant that international agreement was reached regarding the enforcement of intellectual property rights.

5.1 General obligations

The TRIPS Agreement provides that Members shall ensure that enforcement procedures are available under their law so as to permit effective action against any act of infringement of intellectual property rights (Article 41(1)).

This provision does not does not impose any obligation on Members to put in place a special judicial system for the enforcement of intellectual property rights, and Members may use their ordinary judicial system to deal with intellectual property rights infringement cases.

Further, the TRIPS Agreement provides that procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or entail unreasonable time-limits or unwarranted delays (Article 41(2)).

5.2 Civil and administrative procedures and remedies

The TRIPS Agreement states that civil and administrative procedures

concerning the enforcement of intellectual property rights must be stipulated. Specifically, there are provisions concerning (1) fair and equitable procedures (Article 42), (2) evidence (Article 43), (3) injunctions (Article 44), (4) damages (Article 45), (5) other remedies (measures to remove infringing goods from channels of commerce: Article 46), (6) right of information (Article 47), (7) indemnification of the defendant (Article 48), and (8) administrative procedures (Article 49).

5.3 Provisional measures

The TRIPS Agreement also provides for provisional measures to prevent goods that infringe intellectual property rights from entering channels of commerce (Article 50).

5.4 Border measures

The TRIPS Agreements provides for detailed procedures at the border (customs) to prevent the importation of goods infringing intellectual property rights.

In particular, under the TRIPS Agreement, at least regarding copyright and trademarks, a right holder who has valid grounds for suspecting an infringement may apply to the customs authorities to suspend the release of the infringing goods (Article 51). However, in the case of other intellectual property such as patents and industrial designs, it is difficult to judge whether an infringement has occurred, and therefore no requirement is imposed under the TRIPS Agreement to allow right holders to apply to customs authorities in such cases.

Further, the TRIPS Agreement provides that right holders may be required to provide a security to prevent them from abusing their rights (Article 53).

The provisions in the TRIPS Agreement concerning border measures comprise (1) suspension of release by customs authorities (Article 51), (2) application (Article 52), (3) security or equivalent assurance (Article 53), (4)

notice of suspension of the release of goods (Article 54), (5) duration of suspension of the release of goods (Article 55), (6) indemnification of the importer and of the owner of goods (Article 56), (7) right of inspection and information (Article 57), (8) *ex officio* action (Article 58), (9) remedies (Article 59), and (10) *De minimis* imports (Article 60).

5.5 Criminal procedures

The TRIPS Agreement provides that Members shall provide for criminal procedures and penalties to be applied at least in cases of willful infringement of trademark or copyright on a commercial scale (Article 61).

6. Acquisition and maintenance of intellectual property rights and related inter-partes procedures

The TRIPS Agreement provides that where the acquisition of an intellectual property right is subject to the right being granted or registered, Members shall ensure that the procedures permit the granting or registration of the right “within a reasonable period of time” so as to avoid unwarranted curtailment of the period of protection (Article 62). It was agreed to determine whether or not a period of time is “reasonable” taking into account the individual circumstances of each Member.

7. Dispute prevention and settlement

7.1 Ensuring transparency

In order to prevent disputes from arising between countries as much as possible, and also to ensure the transparency of internal laws, the TRIPS Agreement provides that Members must publish their internal laws and regulations and notify these to the Council for TRIPS (Article 63).

7.2 Dispute settlement

The TRIPS Agreement provides that when an actual dispute arises as to the application of the TRIPS Agreement, Members shall settle it using the new WTO dispute resolution procedures and shall not take unilateral action (Article 64).

8. Transitional arrangements

Although the TRIPS Agreement came into force in January 1995, certain transitional arrangements were recognized for developing countries except with regard to the national treatment principle, etc. (Article 65, Article 66 regarding least-developed countries). Many of the transitional arrangements prescribed in the TRIPS Agreement have already expired, but the transitional arrangements for least-developed countries were extended at the TRIPS Council meeting held in November 2005 at the request of least-developed countries. A 7.5 year extension was granted, until July 1, 2013.

9. Institutional arrangements and final provisions

The TRIPS Agreement contains provisions regarding the Council for TRIPS (Article 68), international cooperation (Article 69), protection of existing subject matter (Article 70), review and amendment (Article 71), reservations (Article 72) and security exceptions (Article 73).

The responsibilities of the TRIPS Council are to (1) monitor the operation of the TRIPS Agreement and afford Members the opportunity of consulting, (2) carry out other responsibilities assigned to it by Members (General Council, Ministerial Conferences), (3) provide any assistance requested by Members in the context of dispute settlement, and (4) promote cooperation with WIPO.

Further, in the TRIPS Agreement it was agreed that while developing countries were allowed transitional arrangements, since they were granted an even longer time for transitional arrangements with regard to the introduction of substance patents in particular, (1) they must ensure protection based on the TRIPS Agreement for subject matter that is already protected, and (2) they must

begin accepting patent applications for substance patents as soon as the TRIPS Agreement came into force (Article 70). The specific provisions are as follows:

- Each Member must grant protection under the TRIPS Agreement to all subject matter protected by the Member existing at the date of application of the TRIPS Agreement (Article 70(2)). However there shall be no obligation with respect to subject matter which is already in the public domain (70(3)).
- Rights regarding existing copyright works and the rights of producers of phonograms, etc., shall be protected under Article 18 of the Berne Convention (principles of retrospective application) (70(2)).
- An opportunity to correct pending applications shall be granted (70(7)).
- Where a Member does not make available as of the date of entry into force of the WTO Agreement (January 1, 1995) patent protection for pharmaceutical and agricultural chemical products, that Member shall: (1) receive patent applications, (2) after the introduction of a patent system for pharmaceutical and agricultural chemical products, examine patent applications and if granting a patent, do so for the remainder of the term of “20 years from the date of filing”, and (3) recognize exclusive marketing rights for a period of five years after obtaining marketing approval in that Member or until a patent is granted or rejected in that Member, whichever period is shorter (70(8)).

10. Conclusion – Recent trends

10.1 Discussions in the TRIPS Council

In 2006, the TRIPS Council held 4 official meetings. There were also unofficial meetings on issues such as geographical indications, and the relation between the TRIPS Agreement and the Convention on Biological Diversity

(CBD).

The items discussed in the Council included (1) discussions on the built-in agenda, that is, the issues stipulated in the TRIPS Agreement for further discussion (2) the protection of geographical indications, which was stated in the Doha Ministerial Declaration as an issue for further review, (3) the points of debate in the relation between the TRIPS Agreement and the CBD, and (4) the transitional review with respect to China.

The review of operation of the TRIPS Agreement (a mutual check of the state of operation of the laws and regulations in each Member country) has been conducted in a question-answer format, looking at the internal laws and regulations notified by each country. Since 1996 reviews were conducted with respect to developed countries, and then for those developing countries that had completed reform of their legal systems ahead of schedule by the end of 1999 (expiry of the transitional arrangements for developing countries). Thereafter reviews were conducted successively with respect to other developing countries and new Members. Although there were some reports of developing countries that had not yet completed the necessary legislative measures, overall the transition has been completed smoothly.

China's accession to the TRIPS Agreement was approved in November 2001, and its accession agreement included provisions for an annual transitional review to be conducted for 8 years after accession. China's 5th Transitional Review was conducted by the TRIPS Council in October 2006.

There was a lively series of questions and exchange of opinions, especially from the developed countries, and while China was given a certain amount of credit for protection of intellectual property rights, further improvements were demanded, especially concerning enforcement.

Further, Article 22 of the TRIPS Agreement provides protection for geographical indications in general with the requirement that the indication misleads consumers, but in Article 23, "additional protection" is afforded to wine

and spirits, granting strong legal protection to graphical indications whether or not they mislead the public.

There was vigorous debate on the issue of geographical indications, and the following was agreed in the 2001 Doha Ministerial Declaration:

- (1) The new round of negotiations will include the issue of the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits (built-in agenda),
- (2) The outcome of debate in the Council for TRIPS regarding extending the products subject to additional protection of geographical indications provided in Article 23 of the TRIPS Agreement will be reported to the Trade Negotiations Committee.

Subsequently, the Hong Kong Ministerial Declaration in December 2005 contained the following statements:

- (1) Negotiations will be intensified regarding the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits, in order to complete them within the overall time-frame for the conclusion of the negotiations that was foreseen in the Doha Ministerial Declaration, and
- (2) Regarding the issue of extending the products subject to additional protection beyond wines and spirits, the consultation process will be sped up and the General Council will take appropriate action by July 31, 2006 at the latest.

In 2006, the debate concerning the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits was conducted in a special session of the Council for TRIPS, and the issue of extending the products subject to additional protection of geographical indications was discussed in consultations under the authority of the WTO Deputy Director-General. However, there was a large difference of opinion between countries arguing for stronger protection of geographical indications such as the

EU, Switzerland, and India, and countries wishing to maintain the current level of protection, including the US, Canada, Australia and New Zealand, and the issues have not yet been settled.

Furthermore, in the CBD, which came into force in 1993, there are provisions relating to intellectual property rights, and it was agreed in the Doha Ministerial Declaration in November 2001 to review this issue. A review was conducted mainly in the TRIPS Council, and in the Hong Kong Ministerial Declaration in December 2005 it was stated that the consultation process will be sped up and the General Council will take appropriate action by July 31, 2006 at the latest.

In 2006, debate occurred in the form of consultations under the authority of the WTO Deputy Director-General, but there was a wide difference of opinion which was not able to be bridged. Countries such as India, Brazil and Peru sought to have the TRIPS Agreement amended in line with the disclosure obligations that they impose when filing a patent application to identify the source and country of origin of genetic resources and bring evidence of prior consent to use genetic resources, etc. and the fair and equitable sharing of benefits. However, countries such as Japan and the US were of the view that there is no conflict between the TRIPS Agreement and the CBD, that they can both be complied with in a mutually supportive way, and therefore that there is no need to amend the TRIPS Agreement to achieve the objectives of the CBD.

Additionally, after June 2005, in light of the EU proposal concerning enforcement, the EU, Japan, the US and Switzerland made a joint proposal at the ordinary meeting of the TRIPS Council in October 2006 and submitted a joint declaration seeking discussion on methods for more efficient implementation of the TRIPS Agreement enforcement clauses. This received positive responses from countries such as Australia and Canada, but developing countries such as Brazil, Argentina, China and India were strongly opposed to raising this as a topic for discussion at all, arguing that it went beyond the mandate of the TRIPS Council, and the methods by which enforcement provisions are implemented should be left

to the discretion of each country. Thus agreement has not been reached over how to deal with this issue in the future.

10.2 Amendment of the TRIPS Agreement concerning public health

On August 30 2003, the General Council adopted a “Decision” on specific measures relating to the use of compulsory licences for patents by developing countries without the capacity to manufacture pharmaceuticals, based on the 2001 Doha Ministerial Declaration. This permitted interim waivers of the obligations in Article 31(f) and (h) of the TRIPS Agreement. Due to this, pharmaceuticals manufactured under compulsory licences can be exported to developing countries that do not have their own manufacturing capacity. Subsequently, on December 6 2005, the General Council adopted a Protocol Amending the TRIPS Agreement reflecting the contents of the Decision in a new Article 31*bis* of the TRIPS Agreement and an Annex and Appendix. This was adopted in light of the statement of August 30 2003, which was read out again by the chairperson of the General Council.

Reports are made by the Secretariat to the TRIPS Council concerning the state of implementation of the Decision and adoption of the Protocol by each country.

10.3 Other reviews

The 2001 Doha Ministerial Declaration provided that a review of the scope and modalities of possible non-violation cases should be continued until the WTO’s 5th Ministerial Conference. These cases would come under the GATT dispute settlement procedures as cases where one country was deprived of a benefit as the result of actions of another country, despite no actual violation of obligations under the TRIPS Agreement. At the General Council in July 2004 it was decided that the review would be extended to the 6th Ministerial Conference, but it was not completed in time, and at the Hong Kong Ministerial Conference in December 2005, it was decided to extend the moratorium on such cases until the

WTO's 7th Ministerial Conference. Although it was a topic for discussion at the TRIPS Council in 2006, discussions failed to make significant progress.

10.4 Disputes

From the time that the TRIPS Agreement entered into force until December 2006, there have been 24 cases for which consultations were requested, and of these, 9 proceeded to the panel stage. The cases up to 2000 were cases between developed countries for which the transitional period had already expired, and cases by developed countries against developing countries regarding national treatment and most-favoured-nation treatment, obligations which applied to all Members as soon as the Agreement came into force. However, as a consequence of the intense debate surrounding the TRIPS Agreement, in recent years there have been less claims for dispute settlement concerning the TRIPS Agreement.

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