

NONCOMPLIANCE WITH TRIPS BY DEVELOPED AND DEVELOPING COUNTRIES: IS TRIPS WORKING?

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I. INTRODUCTION

The protection of intellectual property rights worldwide is critical to the international trading of goods and services as "at some level nearly all legitimately traded goods and services operate under patent, copyright or trademark protection."¹ Developed countries, as producers of goods and services, have an incentive to implement strong and effective intellectual property laws. However, developing countries have traditionally thought that strong intellectual property laws would impede their access to new technologies and as a consequence have historically placed the needs of right-owners over those of users.² This paper analyzes adherence by

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1. K. E. Maskus & D. Eby Konan, *Trade-Related Intellectual Property Rights: Issues and Exploratory Results*, in ANALYTICAL AND NEGOTIATING ISSUES IN THE GLOBAL TRADING SYSTEM 13 (Deardorff et al. eds., 1994).

2. See Primo Braga, *Trade Related Intellectual Property Issues: The Uruguay Round*

developed and developing countries to the patent, trademark, and copyright provisions of the recent TRIPs Agreement.³

The TRIPs Agreement has been called the most ambitious international intellectual property convention ever attempted.⁴ TRIPs establishes the protection of intellectual property as an integral part of the multilateral trading system embodied in the World Trade Organization (WTO).⁵ As one commentator illustrates, intellectual property is now a key component of this trading system: "the protection of intellectual property is one of the three pillars of the WTO, the other two being trade in goods (the area traditionally covered by the General Agreement on Tariffs and Trade (GATT)) and the new agreement on trade in services."⁶

TRIPs provides for the protection of many forms of intellectual property, including: Copyright, Trademarks, Industrial Designs, Patents, Integrated Circuit Layouts, and Trade Secrets.⁷ All members of the WTO (Member States) must enact national laws to meet the minimum levels of protection set forth in TRIPs, although developing countries may delay full compliance.⁸

Despite its clear mandates, both developing and developed countries have been imperfect in enacting TRIPs-compliant legislation. Therefore, the question arises as to whether TRIPs is effectively protecting the rights it set out to protect. Are developed countries providing protection of intellectual property rights to the level required by TRIPs? Are developing countries on the road to being fully TRIPs-compliant at the appropriate time, and have they implemented required interim provisions?⁹

This article analyzes whether TRIPs has been breached to a degree whereby it is ineffective to achieve its goals and policies. Are the violations of TRIPs by both developing and developed WTO Member States significant or insignificant? Is there a trend to ignore the levels of protection established

Agreement and its Economic Implications, in 307 WORLD BANK DISCUSSION PAPERS: THE URUGUAY ROUND AND THE DEVELOPING ECONOMIES 385 (Martin et al. eds., 1995).

3. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization [hereinafter WTO Agreement], Annex 1C, LEGAL INSTRUMENTS — RESULTS OF THE URUGUAY ROUND vol. 31; 33 I.L.M. 81 (1994) [hereinafter TRIPs or TRIPs Agreement].

4. J. H. Reichman, *Compliance with the TRIPs Agreement: Introduction to a Scholarly Debate*, 29 VAND. J. TRANSNAT'L L. 363, 366 (1996).

5. See WTO Agreement reprinted in *The Results of the Uruguay Round of Multilateral Trade Negotiations - The Legal Texts*, 6-19, 365-403.

6. A. Otten & H. Wager, *Compliance with TRIPs: The Emerging World View*, 29 VAND. J. TRANSNAT'L L. 391, 393 (1996) (footnote omitted).

7. TRIPs, *supra* note 3, arts. 1-39 (setting forth provisions regarding protection of specific intellectual property rights).

8. *Id.* arts. 65-67 (setting forth timetables for Members to comply with the provisions of TRIPs).

9. *Id.* art. 71 (setting forth certain interim provisions, discussed in Section II).

in TRIPs?

Ultimately, the conclusion is reached that the current noncompliance with TRIPs by developing and developed Member States, while not insignificant, will not impair the effectiveness of TRIPs. The dispute resolution mechanism of TRIPs has been effective in the past to induce noncomplying countries to comply, and could be effectively used in the future to induce compliance of Member States that do not currently comply. Overall, the degree to which nations of the WTO have altered their intellectual property laws in an attempt to comply with TRIPs is astonishing. TRIPs appears to be well on its way to successfully setting the world standard for intellectual property protection.

II. MINIMUM LEVELS OF PROTECTION ESTABLISHED BY TRIPs

As previously discussed, TRIPs establishes minimum levels for intellectual property protection in WTO Member States. Rather than begin anew, TRIPs incorporates certain provisions from pre-existing intellectual property treaties,¹⁰ including the Paris Convention,¹¹ Berne Convention,¹² Rome Convention,¹³ and Washington Treaty.¹⁴ As with these other international treaties, TRIPs is organized around the principle of national treatment.¹⁵ That is, “[e]ach Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property”¹⁶

Unlike most treaties utilizing concepts of national treatment, TRIPs is permeated with requirements for minimum levels of protection. Therefore, TRIPs directly regulates the degree of intellectual property protection that applies to all Member States.

10. *Id.* art. 1(3); art. 2(1) (Paris Convention); art. 3(1) (exceptions to national treatment); art. 9(1) (Berne Convention); art. 35 (Washington Treaty).

11. Stockholm Act of 14 July 1967 of the Paris Convention for the Protection of Industrial Property, 6 I.L.M. 806 [hereinafter Paris Convention].

12. Paris Act of 24 July 1971 of the Berne Convention for the Protection of Literary and Artistic Works, *available in* WL I.E.L. IV-B [hereinafter Berne]. The Berne Convention relates to copyright protection.

13. International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Oct. 26, 1961 (visited Nov. 26, 1997) <http://www.wipo.org/eng/iplex/wo_rom0_.htm>. The Rome Convention relates to performer, phonogram producer, and broadcasting organization rights.

14. Treaty on Intellectual Property in Respect of Integrated Circuits, adopted at Washington, D.C. on May 26, 1989, 28 I.L.M. 1477. The Washington Treaty relates to integrated circuit protection.

15. TRIPs, *supra* note 3, art. 3(1). This national treatment is subject to the exceptions already provided for in the Paris Convention, Berne Convention, Rome Convention, and Washington Treaty.

16. *Id.* (footnote omitted).

A. Patent Protection Under TRIPs

Articles 1 through 12 and 19 of the Paris Convention are adopted by TRIPs.¹⁷ These articles repeat the concept of national treatment,¹⁸ provide a right of priority for filing patent applications,¹⁹ set forth requirements for trademark registration,²⁰ prohibit certain types of unfair competition,²¹ establish national intellectual property offices,²² and allow for separate, consistent agreements between members.²³

TRIPs provides that patents shall be available for any invention, product or process, despite its field of technology.²⁴ However, a member may exclude from patentability diagnostic, therapeutic, and surgical methods,²⁵ as well as plants and animals other than micro-organisms.²⁶

A product patent must confer to the owner the exclusive right of preventing third parties from making, using, offering for sale, selling, or importing the patented product.²⁷ A process patent must confer to the owner the right of preventing third parties from using the process and from using, offering for sale, selling, or importing the product obtained directly by the process.²⁸ The patent rights are subject to limited exceptions.²⁹

Patents must be in force for at least twenty years after their filing date.³⁰ If a patent is revoked, an opportunity for judicial review must be provided.³¹ In a process patent infringement proceeding, Member States

17. TRIPs, *supra* note 3, art. 2(1).

18. Paris Convention, *supra* note 11, art. 2(1).

19. *Id.* art. 4.

20. *Id.* arts. 6-7.

21. *See id.* art. 10bis.

22. *Id.* art. 12.

23. *Id.* art. 19.

24. TRIPs, *supra* note 3, art. 27(1).

25. *Id.* art. 27(3)(a).

26. *Id.* art. 27(3)(b). Plant varieties must be protected by patents or an effective *sui generis* system. *Id.*

27. *Id.* art. 28(1)(a).

28. *Id.* art. 28(1)(b).

29. *See id.* arts. 30, 31. Article 30 provides for "limited exceptions" where the exception does not "unreasonably conflict with a normal exploitation of the patent" and does not "unreasonably prejudice" the owner. *Id.* art. 30. Article 31 is a highly detailed exception for government-authorized use, normally requiring attempted authorization, limited scope and duration of use, nonexclusive use and domestic use, and payment of a compulsory license fee. *Id.* art. 31. Article 31 also allows for infringement of a first patent in order to exploit a second patent, but the second patent must "involve an important technical advance of considerable economic significance" in relation to the first patent, and the owner of the first patent must receive a cross-license for the second patent. *Id.*

30. *Id.* art. 33.

31. *Id.* art. 32.

must provide a presumption of infringement to the patentee in one or both³² of the following situations: (a) where the product obtained by the process is new;³³ (b) where there is a substantial likelihood that the identical product was made by the patented process and the patentee cannot determine the actual process used.³⁴

B. Copyright Protection Under TRIPs

The most significant copyright provisions of TRIPs are adopted from the Berne Convention, specifically Articles 1 through 21.³⁵ These articles are designed to protect literary and artistic works³⁶ and provide the rights of translation,³⁷ reproduction,³⁸ and communication to the public,³⁹ as well as allow for the seizure of infringing copies of a protected work.⁴⁰ However, TRIPs does not mandate compliance with the Berne Convention's moral rights provisions in Article 6*bis*.⁴¹

To further the protection adopted by the Berne Convention, TRIPs provides that computer programs shall be protected as literary works under Berne.⁴² Compilations of data are protectable if their arrangement or selection constitutes an intellectual creation, irrespective of any copyright subsisting in the data itself.⁴³

For at least computer programs and cinematographic works, members must provide a rental right.⁴⁴ However, members are not obligated to provide rental rights for cinematographic works if rental of those works leads to widespread copying that materially impairs the right of reproduction.⁴⁵

Although Berne provides that the term of protection is the life of the author plus fifty years,⁴⁶ TRIPs mandates minimum terms for works having terms calculated on the basis other than the life of a natural person. Specifically, in the case of works other than photographic works and works

32. *See id.* art. 34(1) and (2).

33. *Id.* art. 34(1)(a).

34. *Id.* art. 34(1)(b).

35. *Id.* art. 9(1).

36. *See Berne, supra* note 12, arts. 2 (defining "literary and artistic works"), 5 (prohibiting formalities as a requirement for enjoyment of the Berne rights), 7 (setting term of protection as life of the author plus 50 years).

37. *Id.* art. 8.

38. *Id.* art. 9.

39. *Id.* art. 11*bis*.

40. *Id.* art. 16.

41. TRIPs, *supra* note 3, art. 9(1).

42. *Id.* art. 10(1).

43. *Id.* art. 10(2).

44. *Id.* art. 11.

45. *Id.*

46. Berne, *supra* note 12, art. 7.

of applied art, the minimum term of protection is fifty years from publication, or fifty years from creation in the case of unpublished works.⁴⁷

While members may limit the rights conferred by copyright, the limitations or exceptions must not conflict with a normal exploitation of the work and must not unreasonably prejudice legitimate interests of the right holder.⁴⁸ TRIPs also limits copyright protection under the idea/expression dichotomy illustrated by the United States Supreme Court decision in *Baker v. Seldon*,⁴⁹ limiting the application of copyright protection to expressions and prohibiting the protection of ideas, procedures, methods of operation, and mathematical concepts.⁵⁰

Certain rights are conferred on performers, phonogram producers, and broadcasting organizations, subject to exceptions in the Rome Convention and to the retroactive provisions of the Berne Convention (as applied to performers and phonogram producers).⁵¹ Performers may prevent unauthorized fixation⁵² or reproduction of an unfixed performance, as well as unauthorized wireless broadcast or communication to the public of a live performance.⁵³ Phonogram producers have the right to authorize reproduction of phonograms,⁵⁴ as well as limited rental rights.⁵⁵ A minimum term of fifty years from the date of fixation is mandated for works of performers and phonogram producers.⁵⁶

47. TRIPs, *supra* note 3, art. 12.

48. *Id.* art. 13.

49. 101 U.S. 99 (1879). In *Baker*, the plaintiff attempted to protect a book-keeping method published in a series of books under the copyright laws. The U.S. Supreme Court held that copyright did not extend to the book-keeping system, or the methods and diagrams necessarily incident thereto. This holding was later adopted in the Copyright Act of 1976, 17 U.S.C. § 102(b) (1976) (providing that copyright does not extend to the ideas, process, systems, and methods of operation).

50. TRIPs, *supra* note 3, art. 9(2).

51. *Id.* art. 14(6).

52. Unauthorized fixation presumably means recording the performance into a semi-permanent medium. A work is "fixed" according to U.S. law when "its embodiment in a copy . . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." See Copyright Act of 1976 § 101.

53. TRIPs, *supra* note 3, art. 14(1).

54. *Id.* art. 14(2).

55. See *id.* art. 14(4):

4. The provisions of Article 11 in respect of computer programs shall apply mutatis mutandis to producers of phonograms and any other right holders in phonograms as determined in a Member's law. If on 15 April 1994 a Member has in force a system of equitable remuneration of right holders in respect of the rental of phonograms, it may maintain such system provided that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive rights of reproduction of right holders.

56. *Id.* art. 14(5):

Broadcasting organizations must be provided with the right to prohibit unauthorized fixation, reproduction, rebroadcasting, and communication of television broadcasts.⁵⁷ The term of protection for these rights is set at a minimum of twenty years from the end of the first year of broadcast.⁵⁸

C. Trademark Protection Under TRIPs

TRIPs provides both for the definition and registration of trademarks:

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. Such 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. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.⁵⁹

A trademark may be denied registration on other grounds so long as they do not conflict with the Paris Convention.⁶⁰ One such ground of rejection may be failure to use the trademark, although the applicant must be given at least three years from filing to begin use.⁶¹ A trademark registration may not be denied based on the nature of the goods or services to which the trademark is to be applied.⁶²

5. The term of the protection available under this Agreement to performers and producers of phonograms shall last at least until the end of a period of fifty years computed from the end of the calendar year in which the fixation was made or the performance took place.

57. *Id.* art. 14(3):

3. Broadcasting organizations shall have the right to prohibit the following acts when undertaken without their authorization: the fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where Members do not grant such rights to broadcasting organizations, they shall provide owners of copyright in the subject matter of broadcasts with the possibility of preventing the above acts, subject to the provisions of the Berne Convention (1971).

58. *Id.* art. 14(5).

59. *Id.* art. 15(1).

60. *Id.* art. 15(2).

61. *Id.* art. 15(3).

62. *Id.* art. 15(4).

Trademark publication is required either before or promptly after registration, but an opportunity to oppose another's published trademark is not required.⁶³

While actual use is not required for filing a trademark application,⁶⁴ use may be required⁶⁵ prior to providing the owner with the following enforceable rights:

[T]he 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 where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.⁶⁶

If use is required to maintain a registration, the registration may not be cancelled unless nonuse has exceeded three years and there are no independent obstacles to use.⁶⁷ Use by another of a trademark can constitute "use" for maintaining the registration if the use is subject to the owner's control.⁶⁸

On the other hand, a member may not encumber the use of a trademark by special requirements, such as use with another trademark, use in a special form, or use that is detrimental to the capability of the mark to distinguish a good or service.⁶⁹

Article 6bis of the Paris Convention allows for cancellation or opposition of trademarks that are likely to cause confusion with a well-known mark, if the marks are used on goods that are identical or similar.⁷⁰ TRIPs adopts Article 6bis of the Paris Convention, but applies its protection to service marks⁷¹ as well as trademarks, and extends its protection to non-

63. *Id.* art. 15(5).

64. *Id.*

65. *Id.* art. 16(1) ("The rights described above shall not . . . affect the possibility of Members making rights available on the basis of use").

66. *Id.*

67. *Id.* art. 19(1).

68. *Id.* art. 19(2).

69. *Id.* art. 20.

70. See Paris Convention, *supra* note 11, art. 6bis: "The countries of the union undertake . . . to refuse or cancel the registration . . . of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark . . . to be well known . . . and used for identical or similar goods." Furthermore, Article 6bis permits marks to be cancelled up to five years from their date of registration if they are an imitation or likely to create confusion with a well-known mark that is in-use or registered. *Id.*

71. TRIPs, *supra* note 3, art. 16(2) ("Article 6bis of the Paris Convention (1967) shall

similar goods or services.⁷²

Trademark registrations and renewals must be for a term of seven years or more, with no limit on the number of renewals.⁷³ Trademarks may be assigned with or without a transfer of the business associated with the trademark.⁷⁴ However, compulsory licensing of trademarks is prohibited.⁷⁵

As with many other rights provided in TRIPs, the rights conferred by trademark may be limited; however, the limitations must take into account the legitimate interests of the trademark owner and those of third parties.⁷⁶

D. *Other Intellectual Property Rights Included Within TRIPs*

There are numerous other intellectual property rights provided for within TRIPs. Such rights relate to geographical origins of goods,⁷⁷ industrial designs,⁷⁸ integrated circuit topographies,⁷⁹ and trade secrets,⁸⁰ as well as control of anti-competitive licensing practices.⁸¹ Although not unimportant, these rights are beyond the limited scope of this article and are therefore not treated in-depth.

E. *Self-Enforcement Mechanisms*

Articles 64 and 68 of TRIPs adopt the WTO dispute resolution provisions.⁸² This is a significant and important departure from other international intellectual property treaties, such as the Paris Convention and Berne Convention, that lacked any real enforcement mechanism. It is widely regarded that the dispute resolution procedures are an important and desirable feature of the TRIPs Agreement.⁸³ While a full analysis of the

apply . . . to services").

72. *Id.* art. 16(3). This article expressly applies Article 6bis of the Paris Convention 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.

73. *Id.* art. 18.

74. *Id.* art. 21.

75. *Id.*

76. *Id.* art. 17.

77. *See id.* arts. 22-24.

78. *See id.* arts. 25-26.

79. *See id.* arts. 35-38.

80. *See id.* art. 39.

81. *See id.* art. 40.

82. *See* WTO Agreement, Annex 2 and Annex 1A.

83. Michael K. Young, *Dispute Resolution in the Uruguay Round: Lawyers Triumph*

dispute resolution provisions themselves is beyond the scope of this article, the effectiveness of the dispute resolution provisions to induce compliance with TRIPs will be discussed.⁸⁴

F. *Implementation Timetable*

TRIPs provides that members must comply with its provisions one year following the date of its entry into force.⁸⁵ Thus, in general, members should have been in compliance on January 1, 1996, one year from January 1, 1995 when TRIPs entered into force. However, there are exceptions for the dates with which developing countries must comply.

After the one year elapses, a developing Member State may delay implementation of TRIPs for four additional years (i.e., until January 1, 2000).⁸⁶ However, this exception does not affect the developing country's implementation of the general obligation concerning national treatment and the most-favored-nation provisions of TRIPs.⁸⁷

If, on the date of general application (January 1, 2000), a developing country did not extend product patent protection to an area of technology required by TRIPs, that developing country may delay implementation of the product patent provisions of TRIPs for an additional five years (i.e., until January 1, 2005).⁸⁸ However, TRIPs provides a "mailbox" rule for pharmaceutical and agricultural chemical products. In the case of a member not making available patent product protection for pharmaceutical and agricultural chemical products, the member has the following obligations: (a) provide a means for applicants to file for patents to protect these products, (b) apply the criteria for patentability to those filed applications as if product protection existed on the date of filing of the application, (c) provide patent protection to those applications meeting the patentability criteria.⁸⁹ Step (a) must be implemented on the date the Uruguay Round enters into force (i.e., January 1, 1995);⁹⁰ steps (b) and (c) could presumably occur after the member's laws were brought into compliance (i.e., the date of "application" under Article 65), as long as deposited patent applications were given priority based upon their filing dates.⁹¹

Over Diplomats, 29 INT'L LAW. 389 (1995); Paul Edward Geller, *Intellectual Property in the Global Marketplace: Impact of TRIPs Dispute Settlement?*, 29 INT'L LAW. 99 (1995).

84. See discussion *infra* Parts III.B-C, IV.

85. TRIPs, *supra* note 3, art. 65(1).

86. *Id.* art. 65(3).

87. *Id.*

88. See *id.* art. 65(4).

89. *Id.* art. 70(8).

90. *Id.* art. 70(8)(a).

91. *Id.* art. 70(8)(b) states:

apply to these applications, as of the date of application of this Agreement, the

A “pipeline” rule with respect to product patents submitted to the “mailbox” is also established by TRIPs. If an entity has a patent and marketing approval in a member country, if a product patent is filed in another member’s “mailbox,” and if market approval in the other country is obtained, the entity obtains up to five years of exclusive marketing rights in the other country until either the marketed product is patented or a patent application on the marketed product is rejected by the other country.⁹² Thus, a developing country may delay its implementation of TRIPs-compliant laws until January 1, 2000, and its implementation of TRIPs-compliant product patent laws until January 1, 2005.

WTO Member States that are in the process of transformation from a centrally-planned economy into a market, free-enterprise economy may also delay implementation of TRIPs. Those Member States that are undertaking structural reform of their intellectual property laws, and are facing special problems in preparation and implementation of intellectual property laws, may delay implementation of TRIPs for four additional years, subject to the general obligation to enforce the national treatment and the most-favored-nation provisions of TRIPs.⁹³

A WTO Member State that is “least-developed” may delay implementation of TRIPs-compliant laws for up to ten years,⁹⁴ i.e., until January 1, 2005. However, even least-developed countries cannot delay implementation of the general obligation to enforce the national treatment and the most-favored-nation provisions of TRIPs. A least-developed country may request and obtain extensions of this ten-year period from the Council for TRIPs.⁹⁵

It is clear that immediate compliance with TRIPs is not required for all members. Such leniency allows developing countries and least-developed countries an opportunity for slow change and growth prior to compliance. Countries undergoing a major economic change, as from communism to a free-market economy, are also provided with time to adapt to TRIPs. However, the transitions and progress towards compliance do undergo scrutiny, as the Council for TRIPs reviews the implementation of the TRIPs

criteria for patentability as laid down in this Agreement as if those criteria were being applied on the date of filing in that Member or, where priority is available and claimed, the priority date of the application

Consideration of patentability criteria on the date of filing presumably means that, as between two applicants having the same invention, the applicant who filed first would be granted the patent (in a first-to-file country), assuming all the other patentability criteria were met (such as novelty and inventive step/obviousness) as of the filing date.

92. *Id.* art. 70(9).

93. *Id.* art. 65(3).

94. *Id.* art. 66(1).

95. *Id.*

Agreement.⁹⁶

III. NONCOMPLIANCE BY DEVELOPED MEMBER COUNTRIES

During the Uruguay Round, proposals by the developed countries focused on strong protection for intellectual property rights.⁹⁷ In view of this protectionist stance, it may be expected that developed countries would be most likely to comply with the TRIPs provisions. However, this is not necessarily the case.

A. *The European Union and Its Member States*

In *Re The Uruguay Round Treaties*,⁹⁸ the Court of Justice of the European Communities issued an opinion on the competence of the European Union to enter into the WTO Agreement, including TRIPs. The Court held that the Community and its Member States were jointly competent to include TRIPs.⁹⁹ Accordingly, on December 22, 1994, the Council of the European Union ratified the WTO Agreement, including TRIPs. Thus, while the Member States of the European Union are bound by their individual accession to the WTO Agreement, the European Union itself is also bound.

1. *The European Union's "Single Trademark"*

It is possible that a new regulation-based rule from the Council of the European Communities violates the trademark provisions of TRIPs. Specifically, in Regulation 2309/93,¹⁰⁰ the Council of the European Communities established a European Agency for the Evaluation of Medicinal Products (EMA) and set forth procedures for the Commission of the European Union to centrally authorize marketing approval for certain human and veterinary medicinal products following a favorable scientific opinion by the EMA. The centralized procedure is mandatory for medicinal products derived from biotechnology¹⁰¹ and optional for medicinal products with novel

96. See *id.* art. 63(1) (providing that laws pertaining to intellectual property are to be published); *id.* art. 63(2) (providing that the Council for TRIPs shall be notified of the laws from ¶ 1); *id.* art. 71 (providing for review of TRIPs implementation by Council for TRIPs).

97. Braga, *supra* note 2, at 385-86.

98. [1995] 1 C.M.L.R. 205 (E.C.J. 1994).

99. *Id.* (holding: "It follows that the Community and its Member States are jointly competent to conclude TRIPs.").

100. Council Regulation 2309/93 of 22 July 1993 laying down Community procedures for the authorization and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal Products, 1993 O.J. (L 214).

101. See *id.* Annex A.

characteristics or new active substances.¹⁰²

The Commission of the European Union, in conjunction with the EMEA, is entrusted to “draw up detailed guidance on the form in which applications for authorization are presented.”¹⁰³ A draft *Notice for Applicants*,¹⁰⁴ sets forth the current rules for obtaining marketing authorization for medicinal products for human use. The *Notice* states:

The marketing authorisation includes, when available, the INN (International Non-Proprietary Name) and when branded a single invented name (brand name). In cases where companies wish to use a second brand name, then a second authorisation must be submitted. . . .

It is important therefore, that applicants identify a brand name which would be valid throughout the Community when proposing to use the centralised procedure.

For applications through the mutual recognition procedure, it is recommended that the same brand name for a given medicinal product should be used in all Member States. If a different brand name is to be used, it should be quoted in a covering letter from the applicant to the competent authority giving the justification for the different name.¹⁰⁵

Accordingly, it is the current policy of the Commission and the EMEA to require the use of a single trademark throughout the Community as a condition for granting marketing authorization.¹⁰⁶ The single trademark requirement is vigorously opposed by the pharmaceutical industry.¹⁰⁷ Grounds for opposition are that the requirement is contrary to the directives concerning the EMEA, is contrary to European Union statutory law, is contrary to holdings of the Court of Justice of the European Communities, is contrary to the Community trademark regulations, is contrary to Council Directives, is highly impractical, and is violative of Article 20 of the TRIPS

102. *See id.* Annex B.

103. *Id.* art. 6(5) (medicinal product for human use); *id.* art. 28(5) (veterinary medicinal products).

104. D.G. III/5944/94, Dec. 1994 [hereinafter *Notice*].

105. *Id.* ch. 1, § 8.2.

106. While ch. 1, § 8.2 of the *Notice* allows for additional trademarks, it also requires that they be submitted in separate applications for authorization. This requires the payment of separate application fees and essentially defeats the purpose of centralized authorization.

107. Interview with Richard R. Saul, Jr., Deputy Vice President, International Division, Pharmaceutical Research and Manufacturers of America, in Washington, D.C. (Mar. 13, 1997).

agreement.¹⁰⁸

The EMEA's initial reaction was that thus far, no applications have been rejected "for reasons of trademarks."¹⁰⁹ However, in response to additional pressure, the EMEA has released a *Working Paper*¹¹⁰ that adopts the original *Notice* and responds to the arguments raised by the pharmaceutical industry. With respect to alleged violations of TRIPs, the *Working Paper* states the argument and response:

The requirement of a single trade mark is contrary to Article 20 of the TRIPS in that it imposes an unjustified restriction on a pharmaceutical company's ability to use the name of its choice.

This argument is manifestly unfounded. The principle of a single name does not affect the right of the holder of a community authorization to use the name of his choice provided that he chooses only one for the whole territory for which the authorization is valid; this principle has been embodied in Community law since 1965 and the situation is similar in practically all other countries, including the United States.¹¹¹

However, the language of TRIPs, Article 20, states:

The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings. . . .

Limiting applicants to a single trademark is obviously a "special requirement," as the applicant is prevented from distinguishing his goods from other goods on a country-by-country basis. Further, the translation of a single trademark into the varied languages of the European Union is a "special form" prohibited by Article 20 of TRIPs. Applicants seeking a

108. *Comments of the Pharmaceutical Research and Manufacturers of America Concerning Trademarks and the Centralized Procedure for Medicinal Products*, submitted to EMEA (1996); see also *The Association of the British Pharmaceutical Industry, The European Commission's Single Trade mark Policy Regarding Centralised marketing Authorisations for Medicinal Products*, submitted to EMEA (Position Paper, May, 1996).

109. Letter from Fernand Sauer, Executive Director, EMEA, to Dr. Trevor M. Jones, Director-General, The Association of the British Pharmaceutical Industry (June 20, 1996).

110. European Commission, *Single name for medicinal products authorized by the Community* (Working Paper, 1997).

111. *Id.* at 5-6.

favorable EMEA opinion cannot avoid problems inherent in translating their mark. Some such problems are caused by the nature of the mark itself. For example, "NOVA" for a car would not be an acceptable mark in Spain, where "NOVA" means "doesn't run" or "goes nowhere." Also, the application of a single trademark for pharmaceuticals is discriminatory to that industry and may constitute an impermissible "special requirement" on this basis.

It is clear that the "single trademark" proposal has many problems, only one of which is that it may violate TRIPs Article 20. While it may be difficult for a GATT panel to find a violation of a broad and general prohibitory provision such as that found in Article 20, it is clear that a challenge does have a basis under Article 20's express language. Additionally, the nature of the Commission's and EMEA's single trademark proposal allows for a challenge on other grounds. For example, if the proposal violates European Community law (as is alleged by the pharmaceutical industry), a case may be brought in the courts of Europe. In view of the proposal's significant problems, it is likely that it will be challenged on other grounds prior to resort to the TRIPs dispute resolution procedures. Thus, it is not currently thought that the "single trademark" proposal, although serious and significant, should cause an immediate concern over its implications on the future of TRIPs.

2. Ireland's Compulsory Licensing

Although Ireland's patent law enacted in 1992¹¹² repealed the prior 1964 Patent Act,¹¹³ transitional provisions allowed certain provisions of the 1964 Act to survive.¹¹⁴ In particular, certain applications for compulsory licenses (including applications under Section 42 of the 1964 Act for food, medical, or surgical products)¹¹⁵ pending at the commencement of the 1992

112. Patents Act, No. 1 (1992) [hereinafter Irish Patent Act of 1992].

113. Patents Act, No. 12 (1964) [hereinafter Irish Patent Act of 1964].

114. Irish Patent Act of 1992, *supra* note 112, § 5 (repealing Irish Patent Act of 1964, *supra* note 113, subject to the provisions of the First Schedule).

115. Irish Patent Act of 1964, *supra* note 113, § 42. Section 42 states:

(1) Without prejudice to the foregoing provisions of this Act, where a patent is in force in respect of —

(a) a substance capable of being used as a food or medicine or in the production of food or medicine; or

(b) a process for producing such a substance as aforesaid; or

(c) any invention capable of being used as, or as part of a medical, surgical or other remedial device,

the Controller shall, on application made to him by any person interested, order the grant to the applicant of a licence under the patent on such terms as he thinks fit, unless it appears to him that, having regard to the desirability of

Act were to be decided under the prior 1964 Act.¹¹⁶

In *Allen & Hanburys, Ltd. v. Controller of Patents*,¹¹⁷ the Irish High Court considered the effect of TRIPs on the transitional use of Section 42 to issue compulsory licenses for food, medical, or surgical products. In November 1991 and February 1992, Clonmel filed applications to obtain a compulsory license under Section 42 of the 1964 Act for products whose patent rights were owned by Glaxo Group, Ltd. and Allen & Hanburys, Ltd.¹¹⁸ The Controller granted the license in June-July 1995 and held that TRIPs had no application in the internal legal system of the State as it had not been enacted into domestic law.¹¹⁹ This was despite Section 46(3) of the 1964 Patent Act,¹²⁰ which limited application of Section 42 where Section 42 would be contrary to any treaties or conventions.

Article 27(1) of TRIPs provides that: "Subject to [exceptions not relevant here], 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 70(6) of TRIPs sets forth an exception to Article 27(1):

Members shall not be required to apply . . . the requirement in paragraph 1 of Article 27 that patent rights shall be enjoyable without discrimination as to the field of technology, to use without the authorization of the right holder where authorization for such use was granted by the government before the date this Agreement became known.

On appeal, the Irish High Court held that TRIPs did fall within Section 46(3) of the 1964 Act, in that TRIPs was a "treaty, convention, arrangement or engagement applying to the State." As such, the compulsory license provisions of Section 43 of the 1964 Act were subject to provisions of any treaty that were at variance, including TRIPs.

encouraging inventors and the growth and development of industry and to such other matters as he considers relevant, there are good reasons for refusing the application.

Id.

116. Irish Patent Act of 1992, *supra* note 112, First Schedule, provision 13 (stating that applications under section 42 of the Irish Patent Act of 1964, which were pending as of the commencement of the Irish Patent Act of 1992, should be decided under the earlier act).

117. [1997] 1 I.R. (Ir. H. Ct.) (pagination unavailable).

118. *See id.*

119. *Id.* The license was ordered on June 2, 1995 and supported by a written grounds of decision on July 3, 1995.

120. Irish Patent Act of 1964, *supra* note 113, § 46(3) provides:

No order shall be made in pursuance of any application under sections 39 to 43 of this Act which would be at variance with any treaty, convention, arrangement or engagement applying to the State and any convention country.

In analyzing whether the exception to Article 27(1) set forth in Article 70(6) would apply, the High Court did not define the "date the Agreement became known," but held that the license grant in July 1995 was after both possible dates, December 20, 1991 (the date the Dunkel Draft of TRIPs was published) and December 15, 1993 (the date the final version of TRIPs was agreed upon). The grant of the license was reversed as inconsistent with TRIPs Article 27(1).

Additional compulsory licensing provisions in the Irish 1992 Patent Act may violate TRIPs Article 27. The Irish patent law still allows for compulsory licensing in numerous circumstances where the invention is not "worked" in Ireland. While *Allen & Hanburys* was decided on the grounds that Section 43 of the 1964 Act provided impermissible discrimination as to the field of technology (food and medical products and processes), there is no indication that an Irish court would hold that it is acceptable to discriminate on the grounds of whether products are imported or locally produced. Since both prohibitions are stated in TRIPs Article 27(1), it is possible that the Irish compulsory licensing provisions may not withstand court challenge.

Accordingly, while the courts of Ireland have cured one violation of TRIPs, others may exist along with a consequent need for reform. Because the Irish courts have demonstrated a willingness to reform law inconsistent with TRIPs, one effect of the violations in Ireland may be to strengthen TRIPs rather than weaken it. Other countries in Europe may follow the Irish example and strike their own inconsistent laws.

3. *England's Compulsory Licensing*

Similarly, the patent law of the United Kingdom provides that a compulsory license may be obtained if the invention is not worked in the U.K.¹²¹ This law is similar to Section 42 that was struck down by the Irish High Court. However, in *Parke Davis & Co. v. Comptroller of Patents, Designs and Trademarks*,¹²² the British House of Lords, prior to the *Allen & Hanburys* decision, sustained a compulsory license under a subsection (45(3)) almost identical to that found inconsistent with TRIPs in *Allen & Hanburys*. The Irish High Court, in *Allen & Hanburys*, cited the House of Lords decision in *Parke Davis* with the following commentary:

The plaintiffs submitted . . . that the terms of international agreements with convention countries should be complied with by the Controller when granting licences under the 1964 Act (see

121. Patents Act of 1977, ch. 37 (Eng.).

122. [1954] AC 321 (H.L.).

Parke Davis & Co. v. Comptroller of Patents, Designs and Trademarks [1954] AC 321) where the House of Lords held that an almost identical subsection (section 45(3) of the English Patents Act 1949, from which section 46(3) derives its origin) had no application because the grant of a compulsory licence for food or medicine was not forbidden by the relevant convention. *It seems that if the relevant convention had forbidden the grant, then it could not have been made.*¹²³

The position of the Government of the U.K. is that Section 53(5) of the Patent Act makes the compulsory license provisions in compliance with TRIPs.¹²⁴ Section 53(5) provides that no compulsory license shall be granted if to do so “would be at variance with any treaty or international convention to which the United Kingdom is a party.”¹²⁵ However, “for reasons of transparency,” amending legislation was drafted and is currently being considered. The amending legislation would subject compulsory licenses to new Sections 47B through 47G if the proprietor of the patent is a national of, or is domiciled or has a real and effective industrial or commercial establishment in, a country that is a WTO member.¹²⁶

Now that a relevant convention (TRIPs) forbids the grant, it appears that a solid legal argument against the present compulsory license provisions in the U.K. laws exists, at least in the view of the Irish High Court. Accordingly, the U.K. should and intends to amend its law to ensure TRIPs compliance. The argument that Section 53(5) provides TRIPs compliance is self-defeating. This argument is essentially an argument that the law is invalid, since that is when Section 53(5) has force. Despite the “reasons of transparency,” the amending legislation is necessary.

The U.K. provides an excellent example of a country that is amending its law for clear TRIPs consistency despite the fact that it considers an interpretation of the law to be compliant with TRIPs. In the U.K. and other countries, TRIPs has overcome mere lip-service; it has instigated a real change in the law of a Member State. Accordingly, the changes in the U.K. reflect upon the success of TRIPs, rather than a failure.

B. *The United States, Section 102(e) and 337*

To bring its laws into compliance with TRIPs, the United States

123. *Allen & Hanburys, Ltd. v. Controller of Patents*, [1997] 1 I.R. (Ir. H. Ct.) (emphasis added).

124. Press Release, “Changes to the Patents and Trade Marks Acts: TRIPs,” The Patent Office (contact: Phil Thorpe, 1997).

125. Patents Act of 1977, ch. 37, § 53(5) (Eng.).

126. Amendments to the Patents Act of 1977, § 47A (proposed).

Congress passed the Uruguay Round Agreements Act (URAA).¹²⁷ The URAA amended, along with other laws, the United States copyright law,¹²⁸ trademark law,¹²⁹ and patent law.¹³⁰

As previously mentioned, TRIPS adopts numerous provisions of the Berne Convention.¹³¹ While the United States copyright law is in general compliance with Berne, it is not clear whether the U.S. fully complies with Berne's "moral rights" provisions in Article 6*bis*.¹³² It is noted, however, that while TRIPS requires compliance with Berne Articles 1 through 21, it expressly excepts compliance with the moral rights provisions of Berne Article 6*bis*.¹³³ Thus, while the U.S. may be out of compliance with Berne (a topic beyond the scope of this article), its recently amended copyright laws are generally inconsistent with TRIPS.

Even though the U.S. patent laws were amended by the URAA, the amendments left 35 U.S.C. § 102(e)¹³⁴ in place as interpreted in the two *In re Hilmer*¹³⁵ decisions. In these decisions, the court held that a U.S. patent was available for prior art purposes, i.e. "filed" as of its U.S. filing date, but a U.S. patent based on a foreign Paris Convention application was not available for prior art purposes, i.e. was not "filed" as of its earlier international (Paris Convention) filing date.¹³⁶

This interpretation of 35 U.S.C. § 102(e) has been criticized as

127. 19 U.S.C. § 3501, *et. seq* (1994) [hereinafter URAA].

128. *See id.* Title V, Subtitle A, §§ 511-514.

129. *See id.* Title V, Subtitle B, §§ 521-523.

130. *See id.* Title V, Subtitle C, §§ 531-534.

131. *See* discussion *supra* Part II.B.

132. Berne, *supra* note 12, art. 6*bis* provides:

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.

However, the United States Copyright Act only recognizes some of these rights and limits their application to works of "visual art," defined as paintings, drawings, prints, sculptures, and still photographic images which are less than 200 in number. *See* Copyright Act of 1976 §§ 101 (definition of "work of visual art") and 106A (setting forth moral rights of attribution and integrity).

133. TRIPS, *supra* note 3, art. 9(1) (providing: "Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6*bis* of [the Berne] Convention or of the rights derived therefrom").

134. 35 U.S.C. § 102 (1975) states:

A person shall be entitled to a patent unless —

(e) the invention was described in a patent granted on an application for patent by another *filed in the United States* before the invention thereof by the applicant for patent [emphasis added.]

135. *In re Hilmer*, 359 F.2d 859 (C.C.P.A. 1966); *In re Hilmer*, 424 F.2d 1108 (C.C.P.A. 1970).

136. *See* cases cited *supra* note 135.

incorrect¹³⁷ and as violating national treatment¹³⁸ in that equal treatment, for prior art purposes, is not given to U.S. patents based on foreign-filed patents. Despite the scholarly controversy, the United States has thus far successfully maintained that 35 U.S.C. § 102(e) is consistent with its obligations of national treatment under the Paris Convention and GATT. Barring some further event or the raising of the current level of scrutiny, it is likely that § 102(e) will continue to walk the border of compliance and noncompliance with the TRIPs national treatment requirements.

One sensitive area of law meriting close scrutiny under TRIPs is Section 337 of the Tariff Act of 1930¹³⁹ (Section 337). Prior to the URAA, Section 337 authorized the U.S. International Trade Commission (I.T.C.) to exclude goods from entry into the United States if the goods are found to infringe on U.S. intellectual property rights or otherwise violate the statute.¹⁴⁰ In practice, U.S. companies ("complainants" under Section 337) filed a complaint at the United States I.T.C. against a foreign company (a "respondent") accused of infringing the U.S. company's intellectual property rights. The I.T.C. then instituted an investigation, if warranted. The investigations were effectively the equivalent of full-blown federal court litigation. I.T.C. Section 337 actions were characterized by strict and short time-limits. Counterclaims were not permitted, and the I.T.C. had power to issue general exclusion orders that would exclude the importation of products manufactured by nonparties to the I.T.C. investigation. Complainants had a choice as to whether to bring a federal district court action or an I.T.C. investigation ("dual-path" litigation) or both ("parallel" litigation). While Customs automatically enforced a final determination by the I.T.C., a separate action had to be taken to enforce injunctions issued by the federal courts.

In 1987, the European Economic Community requested GATT dispute resolution with the United States concerning the GATT-illegality of Section 337 proceedings.¹⁴¹ After unsuccessful consultations, a GATT panel was

137. See, e.g., Gordon R. Lindeen, *In re Hilmer and the Paris Convention: An Interpretation of the Right of Foreign Priority for Patents of Invention*, 18 CAL. W. INT'L L.J. 335 (1988); George R. Gansser, *Violations of the Paris Convention for the Protection of Industrial Property*, 11 INT'L REV. INDUS. PROP. & COPYRIGHT L. 1, 22-23 (1980). But see Harold Wegner & Jochen Pagenberg, *Paris Convention Priority: A Unique American Viewpoint Denying "The Same Effect" to the Foreign Filing*, 5 INT'L REV. INDUS. PROP. & COPYRIGHT L. 361 (1974).

138. See Donald S. Chisum, *Foreign Activity: Its Effect on Patentability Under United States Law*, 11 INT'L REV. INDUS. PROP. & COPYRIGHT L. 26 (1980); Lindeen, *supra* note 137; Wegner & Pagenberg, *supra* note 137.

139. 19 U.S.C. § 1337 (1930).

140. See *id.*

141. See GATT Panel Report on United States - Section 337 of The Tariff Act of 1990, L/6439 - 36S/345, 1989 GATTPD LEXIS 2 (Nov. 7, 1989) (unpublished) [hereinafter GATT

formed that ultimately issued a decision holding that the United States did not afford national treatment to foreigners under Section 337.¹⁴² To support its holding, the panel cited the following: (a) complainants had a choice of forum to challenge imported products, but no corresponding choice was available to challenge products of U.S. origin; (b) the tight and fixed time-limits under Section 337 for imported products were incomparable to time-limits for challenging U.S. origin products; (c) the inability to raise counterclaims in a Section 337 proceeding; (d) general exclusion orders available under Section 337 proceedings were unavailable against products of U.S. origin; (e) automatic enforcement of exclusion orders by Customs was available under Section 337 actions, but unavailable for federal court actions; (f) the possibility of dual-path litigation for importers, but not for producers of U.S. origin goods.¹⁴³

The United States I.T.C. and federal courts essentially ignored the GATT Panel Report¹⁴⁴ and waited for the adoption of the URAA to attempt to place Section 337 into compliance with GATT and TRIPs.¹⁴⁵ The URAA generally amended Section 337 to eliminate the formerly strict time-limits, to permit counterclaims, to limit exclusion orders, and to end parallel litigation. However, the amendments appear to be superficial at best. In point of fact, the previous time-limits are being used in new Section 337 investigations despite the URAA amendments to the contrary.¹⁴⁶ While

Panel Report].

142. *Id.* at *133-34.

143. *Id.*

144. See *In the Matter of Certain Aramid Fiber Honeycomb*, 1990 ITC LEXIS 56, at *17 (U.S.I.T.C. 1990):

The administrative law judge recognizes that the General Agreement on Tariffs and Trade (GATT) has the status of valid law in the United States because it was accepted by the President of the United States pursuant to the Reciprocal Trade Agreements Act. However the GATT can be superseded by subsequent federal law passed in the United States because, having never been ratified by Congress, it does not enjoy the status of a treaty which takes precedence over federal laws.

See also *Suramerica de Aleaciones Laminadas v. United States*, 966 F.2d 660, 668 (Fed. Cir. 1992) (holding "[t]he GATT does not trump domestic legislation").

145. See URAA Title III, Subtitle C, § 321 (amending Section 337).

146. See *In the Matter of Certain Monolithic Microwave Integrated Circuit Downconverters*, 337-TA-384, 1996 ITC LEXIS 144 (U.S.I.T.C. Mar. 28, 1996) (Order No. 3: Setting Target Date of January 31, 1997). In this case the Administrative Law Judge stated:

Congress has made clear its intent that the Commission continue its practice of expeditiously completing section 337 investigations and the Commission has indicated that most investigations will be concluded within the traditional time-frame of 12 months or less.

The ALJ also quoted the Senate Joint Committee Report in the legislative history to the URAA:

counterclaims are permitted, they are removed to U.S. district court.¹⁴⁷ And while exclusion orders are limited, they are limited consonant with past I.T.C. practice.¹⁴⁸ Even though parallel litigation in the federal courts and the I.T.C. is no longer permitted, the federal court action is merely stayed pending resolution of the I.T.C. investigation, thus maintaining the existence of dual-path litigation.¹⁴⁹ Furthermore, nothing has been done to the prior provisions concerning choice of forum or automatic enforcement of I.T.C. exclusion orders by Customs.

The United States adopted wholesale revisions to its laws in the URAA in an attempt to comply with TRIPs. The fact that this compliance is imperfect should not detract from the success at the more general level, that of stimulating an international adherence to TRIPs. As with the U.K., the U.S. is an example of a country moving towards compliance. Because the violations examined herein do not appear to be overly significant barriers to trade, the U.S. is an example of TRIPs success in adopting a scheme of compliant legislation. However, the U.S. is by no means in perfect compliance.

C. *Japan's Copyright Law*

TRIPs requires that "the provisions of Article 18 of the Berne Convention (1971) shall also apply, mutatis mutandis, to the rights of performers and producers of phonograms in phonograms."¹⁵⁰ Article 18 of the Berne convention, entitled "Retroactive Effect of the Convention," states in paragraph 1: "This Convention shall apply to all works which, at the moment of its coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection."¹⁵¹

While Japan's copyright law was amended in 1971 to protect sound recordings, it does so only prospectively.¹⁵² Therefore, Japan does not

Although the fixed deadlines for the completion of section 337 investigations have been eliminated, the Committee expects that, given its experience in administering the law under the deadlines in current law, the ITC will nonetheless normally complete its investigations in approximately the same amount of time as is currently the practice.

Id.

147. URAA § 321(a)(2)(B).

148. Compare URAA § 321(a)(5) with *Certain Airless Paint Spray Pumps and Components Thereof*, 337-TA-90 (U.S.I.T.C. Pub. No. 1199, November 1981).

149. URAA § 321(b) (adding a new provision to Title 28 of the U.S. Code, 28 U.S.C. § 1659).

150. TRIPs, *supra* note 3, art. 14(6).

151. Berne, *supra* note 12, art. 18.

152. See Copyright Law of Japan (1971), *translated in Copyright Laws and Treaties of the World*.

provide the retroactive protection stated in Berne Article 18, and adopted by TRIPs Article 14(6).

Accordingly, the United States initiated formal dispute settlement proceedings against Japan, and in fact, successfully resolved the dispute:

On February 14, 1996, the United States initiated WTO dispute settlement proceedings against Japan and several rounds of formal and informal consultations took place over the course of 1996. Based on the Government of Japan's promulgation on December 26, 1996, of amendments providing U.S. sound recordings retroactive protection, the United States and Japan notified the WTO that a mutually satisfactory solution had been reached, thus terminating the dispute settlement proceeding.¹⁵³

While the proposed legislation has yet to be implemented, it is clear that Japan has made an affirmative obligation to comply with TRIPs. Japan's actions are an excellent example of the success obtainable by the GATT dispute resolution procedure adopted by TRIPs.

IV. DEVELOPING COUNTRIES - INDIA'S MISSING "MAILBOX"

During the Uruguay Round negotiations, developing countries disfavored a strong application of intellectual property rights in scope and enforcement.¹⁵⁴ In fact, at this time, developing countries need not comply with virtually any of the substantive requirements of TRIPs. As previously discussed, Article 65(2) of TRIPs allocates developing countries four additional years to bring their laws into TRIPs compliance (i.e., January 1, 2000). With respect to extending product patent protection to an area of technology not protectable in a developing country on the date of application of TRIPs for that member (January 1, 2000), TRIPs Article 65(4) states that product patent protection for that area of technology may be delayed five additional years (i.e., until January 1, 2005). However, as previously discussed, Article 70(8)(a) states that a means for filing (i.e., a "mailbox") these patent applications must be provided on the date that TRIPs enters into force (i.e., January 1, 1995).

India is a developing country that has yet to implement the "mailbox" rule of Article 70(8)(a). In response to pressure by the United States Trade Representative, India promised to amend its laws:

153. Press Release, "USTR-Designate Barshefsky Announces Resolution of WTO Dispute With Japan on Sound Recordings," Office of the United States Trade Representative (Jan. 24, 1997).

154. Braga, *supra* note 2, at 385-86.

The Indian Government has announced its intention to fully conform to the IPR related requirements of the Uruguay Round as a first step. The Rao Government promulgated in late 1994 a temporary ordinance and introduced in early 1995 patent legislation consistent with India's TRIPs obligations relating to the "mail box" provisions. The patents bill failed to make passage in the upper house of Parliament in 1995, leaving India in violation of this TRIPs provision since mid-1995 when the patent ordinance expired.¹⁵⁵

While India has affirmed its intent to pass legislation implementing its TRIPs obligations,¹⁵⁶ it has yet to do so. Accordingly, the U.S., on July 2, 1996, formally requested consultations with the Government of India under the provision of the WTO Dispute Settlement Understanding.¹⁵⁷

Consultations between India and the U.S. were unsuccessful, and a panel was formed by the WTO Dispute Settlement Body to hear the dispute. On September 5, 1997, the panel's report was issued.¹⁵⁸

Even though the temporary ordinance had expired, India urged that it had a "mailbox" system in place which complied with TRIPs Article 70(8). India argued that patent applications for pharmaceutical and agricultural products were being filed and examination deferred (for "mailbox" purposes) under the existing patent act, despite the fact that the provisions of the existing act dictated that these applications could not be patented, and despite the fact that the existing act made no provision for setting aside applications drawn to pharmaceutical or agricultural product patent applications.¹⁵⁹ Furthermore, India had not published the fact that "mailbox" applications were being accepted as required by Article 63(1),¹⁶⁰ nor had India notified the Council for TRIPs as required by Article 63(2).¹⁶¹ Although India had not implemented a system for complying with the "pipeline" provisions of

155. 1996 National Trade Estimate, India, Office of the United States Trade Representative (1996).

156. "Special 301" on Intellectual Property Rights and Title VII Decisions, Office of the United States Trade Representative (1996).

157. See Report to Congress on Section 301 Developments, Office of the United States Trade Representative (1996).

158. WTO Panel Report on India - Patent Protection for Pharmaceutical and Agricultural Chemical Products, Sept. 5, 1997, available in 1997 WL 556224 [hereinafter Panel Report].

159. *Id.* at *7.

160. TRIPs, *supra* note 3, art. 63(1) (stating that a Member shall publish laws, regulations, final judicial decisions and administrative rulings pertaining to the subject matter of TRIPs).

161. TRIPs, *supra* note 3, art. 63(2) (setting forth the requirement to notify the Council for TRIPs of laws and regulations pertaining to the subject matter of TRIPs).

TRIPs Article 70(9), India argued, in part, that no violation of TRIPs existed because no applications for “pipeline” protection had yet been filed.¹⁶²

The panel found that India violated the “mailbox” provisions of TRIPs Article 70(8):

[O]ur view is that Article 70.8(a) requires the Members in question to establish a means that not only appropriately allows for the entitlement to file mailbox applications and the allocation of filing and priority dates to them, but also provides a sound legal basis to preserve novelty and priority as of those dates, so as to eliminate any reasonable doubts regarding whether mailbox applications and eventual patents based on them could be rejected or invalidated because, at the filing or priority date, the matter for which protection was sought was unpatentable in the country in question. . . .¹⁶³

In consideration of the above, we find that the lack of legal security in the operation of the mailbox system in India is such that the system cannot adequately achieve the object and purpose of Article 70.8 and protect legitimate expectations contained therein for inventors of pharmaceutical and agricultural chemical products.¹⁶⁴

With respect to the publication and notification provisions of TRIPs Article 63, the panel ruled against India on both issues:

India claims that the existence of the mailbox system was recognized in a written answer from the Government to a question in Parliament. However, such a way of conveying information cannot be regarded as a sufficient means of publicity under Article 63.1 of the TRIPs Agreement. India has not complied with this obligation. . . .¹⁶⁵

With respect to its notification obligations under Article 63(2), it is evident that India did not notify the Council for TRIPs of the legal basis of the current system for the handling of “mailbox” applications after the expiry of the Patents (Amendment) Ordinance 1994.

162. Panel Report, *supra* note 158, at *25-26.

163. *Id.* at *52.

164. *Id.* at *55.

165. *Id.* at *58 (note omitted).

To address the alleged violation of the “pipeline” provisions of TRIPs Article 70(9), the panel formulated the following question:

(a) Is India in breach of the TRIPs Agreement if, at the appropriate time, its executive authorities do not have the legal authority to grant exclusive marketing rights, even if the grant of such rights has not yet been refused to an eligible product?¹⁶⁶

The panel answered in the affirmative¹⁶⁷ and stated: “under Article 70.9 there must be a mechanism ready for the grant of exclusive marketing rights at any time subsequent to the date of entry into force of the WTO Agreement.”¹⁶⁸

The panel recommended that the WTO Dispute Settlement Body request India to bring its transitional regime for patent protection of pharmaceutical and agricultural chemical products into conformity with its obligations under the TRIPs Agreement.¹⁶⁹

The “mailbox” rule is not important in and of itself, but is important because it provides the basis for priority of invention, in view of prior art and in view of subsequently filed applications when the laws of the developing country are brought into compliance with TRIPs. It is also the basis for the “pipeline” provisions of Article 70(9), which provide for five years of marketing exclusivity if a patent is filed in the mailbox (the patent is in the “pipeline”), if marketing approval is obtained and another patent is issued abroad. Because India currently lacks pharmaceutical patent protection, the mailbox rule is of paramount importance to drug and chemical companies doing business in India.

The mailbox rule is not difficult to implement. It simply requires that an address be provided to which patent applications can be mailed or deposited. According to the GATT Panel, India must also implement the more burdensome “pipeline” provisions as well.

In view of the general hostility to intellectual property laws by developing countries, it is not a surprise to learn that they are slow in

166. *Id.* at *59.

167. *Id.* stating:

In our view, the answer to question (a) is yes for the following reasons. Most of the provisions in the WTO Agreement aim to prevent governments from taking measures that might be harmful to trade and, therefore, concern the existence of legislation requiring governments to act in a way that is inconsistent with the obligations under the WTO Agreement. Thus, if a Member has legislation mandating the executive to act in such a way, it is in breach of its obligations even if that particular legislation has not yet been applied.

168. *Id.* at *61.

169. *Id.* at *64.

enacting TRIPs compliant legislation. However, it is too early to conclude that TRIPs has failed until the implementation deadlines arrive in 2005. For now it can be said that a full implementation of TRIPs is gingerly being considered by the developing Member States, as should be expected. India's experience before the GATT Panel should induce compliance by other developing countries.

V. COMPARISONS AND OVERALL ASSESSMENT

While TRIPs has not been uniformly adopted, it is clear that developed WTO Member States are attempting to assess its provisions and adopt compliant legislation. This is exemplified by the United Kingdom's currently proposed amendment to its patent law compulsory licensing scheme. Other Member States, such as Ireland, are striking down TRIPs inconsistent laws. The most stubborn offenders, such as the United States and Japan, have changed, or are in the process of changing, the offending laws after being subject to the GATT/TRIPs dispute resolution process.

While developing Member States, such as India, have demonstrated a lack of enthusiasm for TRIPs, it is likely that they will eventually become compliant by virtue of international pressure and the GATT/TRIPs dispute resolution process. The developing members have been uncertain that high levels of protection are in their best interest, as exemplified by India's historical treatment of pharmaceuticals.

Before the TRIPs Agreement, developing Member States, such as India, "had deliberately taken the pharmaceutical industry out of its patent system and built a tariff wall to protect it."¹⁷⁰ In India, "the result was that 'Indian manufacturers of bulk drugs and formulations not only dominate the Indian market but are among the most fiercely competitive in the world,' especially with regard to the production of generic drugs."¹⁷¹ At the same time, Indian investment in pharmaceutical research and development was extremely low, and local firms contributed nothing to the development of new drugs.¹⁷²

Some scholars expect that TRIPs will cause countries like India to develop a vigorous and thriving research-and-development-based drug sector focusing on diseases of local importance, which will rival those of developed countries.¹⁷³ Others point to the lackluster performance of the

170. Reichman, *supra* note 4, at 379.

171. *Id.* (citation omitted).

172. *Id.*

173. *Id.* at 379-80 (citing Martin J. Adelman & Sonia Baldia, *Prospects and Limits of the Patent Provision in the TRIPS Agreement: The Case of India*, 29 VAND. J. TRANSNAT'L L. 507, 530 (1996)). See also Carlos A. Primo-Braga & Carsten Fink, *The Economic Justification for the Grant of Intellectual Property Rights: Patterns of Convergence and*

pharmaceutical industry in Italy, which was well positioned prior to the introduction of pharmaceutical product patent protection, as an example of how TRIPs will hurt the pharmaceutical industry in developing countries.¹⁷⁴

It is uncertain whether TRIPs will actually help or hinder the economies of developing Member States. TRIPs sets forth comprehensive modifications to the administration and law of Member States, including the developing Member States. In recognition of the problems faced by developing Member States, TRIPs states that developed Member States shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favor of developing and least-developed Member States.¹⁷⁵

For similar reasons, the Council for TRIPs entered into, with the World Intellectual Property Organization (WIPO), an agreement on cooperation between WIPO and WTO. The objectives of the TRIPs Agreement are essentially the same as those of WIPO: Adequate and effective protection of intellectual property.¹⁷⁶ As explicitly set out in the Preamble to the TRIPs Agreement, WTO aims to establish a mutually supportive relationship with WIPO.¹⁷⁷ It is also to be noted that TRIPs is not inflexible: A mechanism exists to allow least-developed countries to obtain further extensions to fully implement TRIPs as their needs dictate.¹⁷⁸

For now it is enough to say that developing Member States are obligated at least to comply with the "mailbox" provisions of TRIPs. However, developing Member States should receive assistance from WIPO and from developed Member States in view of the international awareness that protection of intellectual property does not come cheap.

VI. CONCLUSION

Thus far, TRIPs has achieved its goal: The modification of existing laws of Member States to its minimum levels of protection. There is optimism that Member States that deviate from the proper TRIPs minima will eventually comply, as the TRIPs dispute resolution mechanisms, as well as other national and international mechanisms, have proven successful at coercing compliance. While developing countries could be hurt the most by

Conflict, Address Before the Symposium on Public Policy and Global Technological Integration (Oct. 1995), in 72 CHI-KENT L. REV. 439 (1996).

174. See A. Samuel Oddi, *TRIPS - Natural Rights and a "Polite Form of Imperialism,"* 29 VAND. J. TRANSNAT'L L. 415 (1996); F. M. Scherer & Sandy Weisburst, *Economic Effects of Strengthening Pharmaceutical Patent Protection in Italy*, 26 IIC 1009 (1995).

175. TRIPs, *supra* note 3, art. 67.

176. Reichman, *supra* note 4, at 410.

177. See *id.*

178. TRIPs, *supra* note 3, art. 66(1).

TRIPs, it is hoped that developed countries will provide assistance to achieve, in the end, what everyone wants: A workable system of global trading.

