

*PRESENTATION:*

**DEVELOPING COUNTRIES' COMPLIANCE  
WITH THE TRIPS AGREEMENT**

**Robert L. Stoll\***

**Introduction**

As you know, Article 65 of the Trade Related Aspects of Intellectual Property (TRIPS) Agreement required that all WTO developed country members be in full compliance with their obligations on January 1, 1996, one year after the WTO Agreement came into force. Developing country members were given an additional four years—until January 1, 2000—and least developed country members have until January 1, 2006 to be in full compliance.

Most of the provisions of the TRIPS Agreement are straightforward, leaving little room for differences in interpretation. For example, TRIPS Article 33 requires that patents have a term of protection that “shall not end before the expiration of a period of twenty years counted from the filing date.” This Article made it clear that the United States had to change its patent term from 17 years measured from the date of grant. That is because if the USPTO completed the examination and grant of the patent in less than three years—as we do in many cases—the term of the resulting patent would expire before twenty years had passed, measured from the filing date. In implementing our obligations, therefore, we made that change.

As some of you might be aware, the U.S. is currently involved in a dispute with Canada over that very provision of TRIPS, because Canada failed to change the term of patents that were already in force on January 1, 1996 to ensure that their terms did not end before 20 years, measured from the filing date.

There are a few provisions of the TRIPS Agreement, however, that could not be described as models of clarity. As a result, different WTO members might have different interpretations. Compliance, therefore, like beauty, can, in those instances, be in the eye of the beholder.

My remarks today are based upon the view that the United States' recognizing that the final decision regarding any WTO members' compliance with particular TRIPS obligations might have to be left to the WTO Dispute Settlement Body.

---

\* Administrator for External Affairs, U.S. Patent and Trademark Office.

### Technical Assistance

During the five years between the time the WTO Agreement came into force and the date on which developing country members were required to have implemented their obligations, the WTO, the World Intellectual Property Organization (WIPO), the United States, and other developed countries have provided technical assistance to developing country members in an effort to make that implementation go smoothly. I'll use my office [USPTO] as an example of the kind of assistance offered.

We have reviewed innumerable draft laws to provide advice on the consistency of the drafts with the TRIPS Agreement's provisions. Beyond that, we provide practical advice based upon our experience and knowledge of IP systems and enforcement, to help countries avoid problems we have experienced or observed. That assistance has been provided both through visits to the countries in question and through written submission or response by letter, fax and e-mail.

The USPTO has also provided direct training for government officials, including administrative and judicial authorities, on everything from how to examine patent and trademark applications, to how to recognize trademark counterfeits and pirated copyrighted works, to how to reach a decision in an *inter-partes* judicial proceeding. Sometimes this involves my staff traveling to other countries, and often it involves bringing foreign officials to the United States.

We are not discontinuing this technical assistance to developing country WTO members. For example, I and several of my staff will be traveling to Senegal next week to provide, in coordination with WIPO, technical assistance on enforcement of intellectual property rights to officials from the Francophone African countries. This technical assistance also helps us to understand better what problems developing countries are facing—and what questions they have—so that we can constantly improve the assistance we provide.

### TRIPS Council's Review of TRIPS Compliance

One of the responsibilities of the TRIPS Council is to monitor members' compliance with the obligations of the Agreement. To do this, the Council began in 1996 to review the compliance of individual developed country member's implementation of the obligations.

The Council, which is made up of representatives of all of the WTO members, now meets four times each year. To conduct the first reviews, the Council established a system whereby members would review the IP laws of other members and ask questions in writing to clarify how those laws implemented the obligations where the implementation was not clear.

The review of the 38 developed country members' implementation took place over five separate meetings, each dealing with portions of the

obligations. To help with the review of the implementation of the enforcement provisions, the Council developed a questionnaire regarding civil and administrative enforcement, border enforcement and criminal enforcement of intellectual property rights. Based on the responses to these questions, members were able to ask further questions where they believed it was necessary to clarify points. All of these questions and answers were circulated in writing so that a clear picture of the various ways in which members had implemented their obligations was developed.

In some cases, the reviews revealed that implementation was not complete. In addition, differences of opinion regarding interpretation were revealed, and in some of these instances dispute settlement was initiated. For example, the United States requested consultations with Ireland because it had not amended its copyright law to comply with its obligations. We also requested consultations with Sweden and Denmark because, in our view, their law did not provide authority for judges to order provisional measures, without the presence of both parties, when delay would likely result in irreparable harm to a right holder or when there is a demonstrable risk of evidence being destroyed, as is required under TRIPS Article 50.2.

As you can imagine, given that it took five week-long meetings to review the implementation of 38 members laws and practices, the prospect of conducting a similar review of 68 developing country members was daunting. The ability of developing country members to send experts to explain answers in the Council—and to respond to follow up questions—also was more limited than that of developed country members.

Therefore, the Council decided to modify its procedure so that during each of five review meetings, the implementation of all of the TRIPS obligations of a certain number of developing country members would be reviewed, and the number and order would be established voluntarily. While it took the Chairman a good deal of off-line consultations, he was finally able to persuade 14 developing country members to volunteer to be reviewed in June of this year, and another 14 to be reviewed in November.

Those developing country WTO members in Asia that were reviewed in June were: Hong Kong, China; Indonesia; Korea; Macau; and Singapore. No Asian developing country member has volunteered to be reviewed in November.

I should also note that, in our opinion, Hong Kong, China provided by far the best single “notification” of its laws and practices that has been submitted to the WTO to date—and that includes our own. The text of all of the relevant laws was provided on paper and on CD-ROM along with a complete identification of the corresponding law or laws for each obligation of the TRIPS Agreement.

While we will of course be considering, in consultation with our private sector, the responses that Hong Kong made to our questions—and those of other WTO members in light of their notification. Our initial reaction to the review is that it indicates that Hong Kong, China has met the major

substantive obligations of TRIPS. It seems they are working hard to ensure that their enforcement regime is not only in compliance on paper, but is effective in providing expeditious remedies and in acting as a deterrent to further infringement.

During the TRIPS Council's review, each member being reviewed is given an opportunity to present an overview of the way in which it has implemented its obligations under TRIPS. These members then generally highlight responses to particular questions of a general nature that they believe are of most concern to the delegations and, perhaps, that reflect most favorably on their implementation.

Most members being reviewed include on their delegations the experts who prepared the presentation and who can answer follow up questions. This has a side benefit, because it provides an opportunity for these officials to meet with their counterparts and to gain a greater understanding of TRIPS and the work of the TRIPS Council. This is important because, in most cases, developing countries are represented in the TRIPS Council only by trade officials from their Geneva missions who are not usually experts on intellectual property.

In general, I would say that the reviews in June indicate that the countries involved have made a serious effort to implement the major provisions of the TRIPS Agreement in the section on copyright, trademarks and patents. Some serious deficiencies were revealed, however. These were in relation to enforcement and in connection with the protection of data regarding pharmaceuticals and agricultural chemicals that countries require be submitted in order for a party to obtain marketing approval for those products.

With regard to enforcement, countries like Korea, Macau and Singapore appear to have laws in place authorizing most of the required actions, but those laws are not always implemented in actual cases in a way that acts as a deterrent to future infringement. This can be particularly important in relation to copyrighted materials because technology has made it relatively easy to reproduce copyrighted works. Absent significant penalties for such infringement, copyright piracy will only increase.

Where protection of data is concerned, many of the WTO developing country members have provided for protection against disclosure of the information. However, they have not taken steps to prevent later filers for marketing approval from relying on the data submitted by the first applicant for approval for a product that is roughly equivalent to the later products.

The TRIPS Agreement now says a Member must protect the data against "unfair commercial use," but that phrase is not defined. It was the understanding when the Agreement was negotiated that the purpose was to protect, for a reasonable period—we believe for at least five years—the investment of time and money of the original filer from being misappropriated by later filers. That is how Hong Kong, China has implemented the provisions. However, other members have interpreted the phrase differently.

This is one of those provisions, therefore, that it likely will be necessary for a WTO dispute settlement panel or the WTO Appellate Body to interpret, and for the Dispute Settlement Body to adopt.

Let me note in this regard that, even though Argentina was not a subject of review this year, we have initiated consultations with them because they provide protection only against disclosure and have nothing in place that would protect against any form of “unfair commercial use.”

Another area of concern is the failure of some WTO members to restore protection for works and sound recordings that have not had a full term of protection in that member country, and are still under copyright or neighboring-rights protection in their country of origin. This obligation results from the incorporation into TRIPS of Article 18 of the Berne Convention for the Protection of Literary and Artistic Works. It goes without saying that this is in the interest of all WTO members, because all have artists, musicians, and writers whose livelihood depends on their art. For the United States and other members with world-renown motion picture, sound recording, and software industries, this provision is critical.

In that and other areas, the United States is not waiting for completion of the reviews in TRIPS Council to be completed to initiate dispute settlement where a lack of implementation—or implementation clearly inconsistent with the provisions of TRIPS—becomes apparent.

As I've mentioned, we have initiated dispute settlement with Argentina, in part because of their failure to provide any protection against “unfair commercial use” of test or other data regarding pharmaceuticals or agricultural chemical products required to be submitted in order to obtain marketing approval of those products. We also have initiated dispute settlement procedures against Brazil because its patent law provides for compulsory licensing of patents if the patent owner fails to manufacture the product or use the process in Brazil. Article 27.1 of TRIPS prohibits discrimination in the enjoyment of patent rights based upon whether a product is produced domestically or is imported. That provision was negotiated expressly to prohibit such “working” requirements in patent laws.

The U.S. Trade Representative, who has the lead authority over WTO matters, is also considering other deficiencies in countries' implementation of their TRIPS obligations as potential dispute settlement cases. The reviews conducted in the TRIPS Council might reveal other deficiencies. Most often, however, it is U.S. industries that bring deficiencies to the attention of the U.S. government, because they are the victims of the WTO member's failure to fully or properly implement an obligation.

## **Conclusion**

The U.S. recognizes that full implementation of the TRIPS Agreement will not occur overnight. In some instances where the text of the Agreement is subject to different interpretations, a country might in good faith

implement its obligations, but find that a panel requested by another WTO member determines that the implementation is not adequate. In other instances, a country might not achieve full implementation because of resource constraints.

The U.S. also has been the defending party in disputes, and will likely be in the future as well. So, we all must keep in mind that the purposes of dispute settlement are to: (1) resolve disputes; (2) eliminate questions about the interpretation of the Agreement; and (3) eliminate questions about whether a particular manner of implementation fulfills a TRIPS obligation.

Thank you very much.