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CONTRIBUTION OF RIGHT HOLDERS TO ENFORCEMENT AND THE COST
THEREOF, TAKING INTO CONSIDERATION RECOMMENDATION NO. 45 OF
THE WIPO DEVELOPMENT AGENDA

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1. ENFORCEMENT: GENERAL CONSIDERATIONS

Enforcement is an integral and essential part of any intellectual property system. In other words, the effectiveness of the system depends on the possibilities for its enforcement, which is quite a broad concept, although there is a tendency to link enforcement rather to situations where the system is infringed and to the possibilities for redress.

In reality, enforcement depends on various factors. Firstly, enforcement depends essentially on the knowledge of the system in a particular country and on the general acceptance of its rules. That involves a general culture of respect for the results of the creation of works or of inventiveness and innovation, or the discovery of an original identification and the ownership of all these results, which is translated into “intangible rights” that, in the final analysis, constitute IP rights. In relation to such rights, there is only one form of “ownership”, recognized by the State through different legal formulae, whose only difference from other assets is that it is a question of intangible assets. It is a matter of ownership in private hands, be they individuals or legal entities. Only the existence of such general knowledge of the system and climate of respect for the system will allow, as an initial reaction, such rights not to be affected by their misappropriation, copying, counterfeiting, unauthorized use etc. Of course, in order to translate such practices into real life, there is a requirement for complete and coherent legislation which gives the legal tools to the owners of the different rights so that they may be constituted effectively and defended in such situations of failure or the threat thereof as may occur. This is the initial and positive basis for enforcement.

We can at the current time be certain that almost all countries in the world have intellectual property legislation which governs the constitution and defense of such rights. At the time the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) was concluded in 1994, within the framework of the World Trade Organization (WTO), a harmonization movement, which for some time had generated momentum for the World Intellectual Property Organization (WIPO), accelerated, and as a result intellectual property rules in different countries essentially showed significant similarities. This situation has resulted in concepts based largely on consensus regarding what constitutes appropriate enforcement of the system.

In that regard, it may be emphasized that the degree of enforcement will be reflected both in the form, facility and cost of constituting and acquiring different intellectual property rights, in State institutions responsible for administering them and in the operation of such institutions for that purpose, as well as in the systems existing in each country for the settlement of disputes arising in the practical application of the different rights, and finally in the legal and other tools used to make a claim on each occasion that rights are affected. This latter aspect is perhaps that which is most visible in an enforcement system and which is related rather to the means of defense provided for the holder of a right in the face of situations in which the holder is affected by third parties or there is a threat thereof.

The aforementioned general aims are frequently forgotten when an attempt is made to examine or assess the effectiveness of the enforcement of an IP system and there is a tendency to concentrate on provisions and formulae which may exist in a particular country to settle specific cases in which the system is infringed.

In any case, for about a decade, the international agenda relating to any discussions concerning IP has focused essentially on enforcement-related topics and has occupied a great deal of time in meetings, presentations given by experts, opinions of specialists, officials from different governments, etc. In the same vein, a great variety of specialized literature on the subject may be found, arising from universities, international organizations, institutes, professional associations or individuals. The large number of players, of which there has been an extraordinary proliferation in the intellectual world of IP, have devoted a significant amount of their time to examining and discussing this subject which, on each occasion, occupies a central position on the agenda.

Within these discussions, it is interesting to observe the interest and time devoted by various groups of industrialized countries, either in the public or private sector, to ensuring that the subject is commented on, explained and understood in the corresponding circles in developing countries. It appears almost to give the impression that the very existence of the international IP system depends on the subject of enforcement, rather than on any other consideration. However, curiously in such meetings emphasis is normally placed on the need for each country to have strict and severe enforcement rules, based on the model of those included in the TRIPS Agreement, but frequently also on models existing in other countries, without concern being shown as to whether they are appropriate to the reality of developing countries or at least to some of those countries.

The above appears to be due to a policy on the part of the industrialized countries, which responds to the concern of their industrial and business circles, which has led them to undertake constant action at different levels in order to try to persuade developing countries of the need to improve their systems so that they may respond more effectively to the problems of enforcement, especially in cases where rights are infringed. Of course such action is undertaken through the enactment of legal and administrative provisions, such as the better preparation of settlement bodies, be they administrative authorities or courts of justice directly. At least one of the foundations of this policy appears to be the worrying level of infringements of rights, which has been reached in certain developing countries, through the production and sale of counterfeit goods. In that regard, there are even suspicions that in some cases certain organized crime sectors have found their way into this type of activities.

2. LEGAL MEASURES RELATING TO ENFORCEMENT

The TRIPS Agreement contains a full chapter, Part III, entitled "Enforcement of Intellectual Property Rights", with detailed relevant provisions. In reality, these are provisions which countries are obliged to include in their respective national legislation, to be made available to those who experience infringement of some of their IP rights.

The provisions in question are quite precise, substantive and procedural. In the same way as other provisions of the TRIPS Agreement and since this Agreement is the result of political negotiation, these provisions have different scopes and are not always specific, since they do not constitute a code or a law drafted in intellectual terms to function as such. In any case, the obligations are clear and it will be the

responsibility of each State to see how best to include them in their respective legislation. In this regard, it is interesting to note that the TRIPS Agreement clearly establishes the need to have available both civil and criminal procedures, and also the general characteristics of each one. However, the chapter also includes other obligations, which it is interesting to note, such as those which state that procedures shall be “fair and equitable” and that they shall “not be unnecessarily complicated or costly” (Article 41(2)); that decisions on the merits of a case shall preferably be in writing and reasoned (Article 41(3)); that parties to a proceeding shall have an opportunity for review by a judicial authority of administrative decisions; and that the Agreement does not impose on States any obligation to “put in place a judicial system for the enforcement of intellectual property rights, distinct from that for the enforcement of law in general” (Article 41(5)).

As may be appreciated, the TRIPS Agreement appears to be based on the fact that in the vast majority of States knowledge of and a climate of respect for the intellectual property system to which reference has been made will exist and therefore a collection of additional provisions referring more particularly to the subject should suffice to make available to the holders of such rights the tools necessary to ensure their enforcement in cases of infringement.

However, as has been pointed out, a notable increase has occurred in infringements of different IP rights in the past few years, which would presumably mean the loss of significant sums of money for the legitimate trade of a series of products. The above appears to have led industrialized countries to insist, in different fora, on the need to find a solution to the problem and suggest that especially developing countries should adopt stricter legislative measures in this respect. In reality, this is a problem which has a direct impact not only on the violation or infringement of IP rights, but also on the commercial trafficking of a series of goods that are protected in some way by such rights and the majority of which are owned by nationals of such countries. The problem has led a group of industrialized countries to a quite unusual initiative, in the form of the preparation of an international agreement intended to combat counterfeiting (Anti-Counterfeiting Trade Agreement), known by its English acronym “ACTA”, which was announced at the G8 summit in 2007. Nothing is known of its content, since strangely the negotiations on it were kept secret. Nothing is known either regarding the context in which the conclusion of such an agreement would develop, if it were successfully achieved. This initiative demonstrates the serious concern of the industrialized countries in relation to the problem, but doubts arise regarding the real possibilities of concluding such an agreement in an atmosphere of secrecy, especially if it is claimed that it has been accepted and is therefore in force in a group of countries that is broader than its direct proponents.

3. ENFORCEMENT IN LATIN AMERICAN COUNTRIES AND ITS COSTS

Developing countries and, insofar as it relates to this presentation, those in Latin America, have made significant efforts to improve their IP legislation and structures. This effort is especially worthy, if it is considered that, according to the most recent statistics, its nationals have an overwhelmingly minority proportion of the volume of rights, especially for patents and trademarks, that are granted each year. If the figures

for granted patents and registered trademarks are reviewed, for example within the European Patent Office (EPO), the Community Trade Marks Office in Alicante, the United States of America Patent and Trademark Office, the Japan Office, and the individual patent and trademark offices of certain European countries such as Germany, France, the United Kingdom etc., it will be confirmed that the number of rights granted to developing countries and, in this case, to Latin American countries, including the largest of those such as Argentina, Brazil and Mexico, are absolutely insignificant.

The above shows that developing countries, in this case in Latin America, have been helping to build a system that will not immediately benefit its nationals but rather will help to achieve better operation of an international system that should facilitate investments and the flow of trade, especially from industrialized countries to developing countries.

The reforms implemented, at least in Latin America, have consisted in improving appreciably the climate of knowledge of and respect for IP rights, as indicated at the beginning. That has been accompanied by important reforms to legislation, the complete incorporation of the rules contained in the TRIPS Agreement and, in some cases, the adoption of even better protection with the conclusion of free trade treaties or additional economic agreements with the European Union and the United States of America, agreements and treaties which contain specific IP standards. To that should be added, in most countries, the modernization of State offices responsible for establishing and administering rights, the creation of courts and special procedures and even specialized branches of the police with a specific mandate covering IP-related problems. Finally, within these initiatives to modernize and strengthen legislative and other structures, mention should be made in some cases of the modernization of customs services and their direct involvement in the protection of IP rights, as they were granted special powers relating to the import of counterfeit, which provide swift and effective protection for those holders of infringed rights that wish to make use of such institutions.

Regrettably in practice, despite the existence of all these facilities, there are very few holders who, despite being clearly affected, appear to be prepared to institute appropriate court proceedings to put a stop to the infringements of their IP rights.

As indicated previously, the very small numbers of IP rights granted in industrialized countries to nationals of developing countries demonstrate that such nationals are using the IP system in a minimal way as part of their investments and trade in those countries or have recently begun doing so. This is the case even with the largest countries in Latin America, in which there undoubtedly exist important industries.

A study should be made, with the help of research and specialists, as to whether the flow of trade and investments corresponds in any way to such small numbers or rather whether use is not being made of the tools provided by the IP system, which should normally accompany or complement the investments and other commercial operations. If that were the case, it would be interesting to determine, where possible, the causes of and reasons for such economic conduct.

With respect to direct cases of infringements of rights belonging to nationals from developing countries in industrialized countries, it would also be appropriate to prepare a study that could determine the circumstances surrounding such actions and, when careful research is conducted, to draw the appropriate conclusions.

However, before such studies are available, the experience of the professionals devoted to practicing the profession of IP in Latin America is quite uniform as regards the great difficulty in instituting legal and judicial proceedings owing to various reasons, essentially cost-related, which in many cases place such proceedings completely beyond the reach of a private individual or manufacturer from any Latin American country. In these circumstances, despite being the victims of an infringement, these manufacturers will prefer to abstain and suffer the harm, sometimes at the cost of having to give up an excellent business-related opportunity.

In addition to the direct cost of proceedings, there is the risk in certain countries of having to cover the court and other legal costs of the opposing party, should the proceedings instituted not be successful. However, the risk which is more difficult to assume is the possibility of having also to assume the payment of possible indemnities which in some industrialized countries are the natural result of court proceedings. In reality, many industrialized countries make use of proceedings which, in addition to being immensely complex and costly, enable benefits to be obtained at the expense of the losing party and consist of absolutely unthinkable sums of money in any judicial proceedings, at least in Latin America.

There is also a situation of concern in this area, which is that of industrialized countries in which the subject of intellectual property is frequently subject to court proceedings and in which applications for registration of a trademark or to obtain a patent could prove in themselves to be the basis for a judicial claim by a national who considers that such an application or such a new right could in some way manage to affect his or her rights. The procedure in those countries allows them to initiate preventive proceedings which of course often go hand in hand with requests for compensation for damage.

Where it occurs, such a situation makes the position of a national from a Latin American country unsustainable, when he or she is faced with costs and risks which it is virtually impossible to meet, including for important manufacturers.

Strangely, there appear to exist procedures in which a patent title granted by the State, during a quite rigorous official procedure, is not sufficient to provide its owner with at least an initial guarantee of validity of his or her title, until a court has issued a ruling thereon. It is thus a system in which obtaining a right is relatively straightforward and of reasonable cost, and which may, owing to the possible subsequent judicial proceedings, be turned into a situation which is impossible to handle and inevitably leads to the renouncement of any interest in putting into practice, by means of an investment, the use of such a patent.

With respect to trademarks, there would also appear to exist the possibility of deducing, from the mere filing of an application for registration, an intention on the part of the applicant to affect rights which a third party believes he has and which authorize him to take the matter to the courts, with the resulting cost. That contrasts

with the situation in Latin America where, in return for expenses which may be characterized as very small, access is provided for constituting quite solid IP rights which, in cases of infringement, represent a more than sufficient basis to institute the corresponding judicial proceedings.

4. CONCLUSION

The first conclusion which emerges from the comments already made is that a lot of work remains to be done to improve the actual enforcement of IP rights and also to ascertain the real scope of the harm caused by the infringement of such rights. Although there is a proliferation of standards at the international level, not all of them appear to have produced concrete and satisfactory results in practice, especially for those directly concerned as rights holders. However, in an economically globalized world the policies, measures and provisions that can be decided in this field should be easy to implement, effective and of reasonable cost to all interested parties.

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