

WIPO/GEO/MVD/01/2

ORIGINAL: English

DATE: November 13, 2001



NATIONAL DIRECTORATE FOR INDUSTRIAL PROPERTY,
MINISTRY OF INDUSTRY, ENERGY AND MINING OF URUGUAY



WORLD INTELLECTUAL
PROPERTY ORGANIZATION

SYMPOSIUM ON THE INTERNATIONAL PROTECTION OF GEOGRAPHICAL INDICATIONS

organized by
the World Intellectual Property Organization (WIPO)
and
the National Directorate for Industrial Property (DNPI),
Ministry of Industry, Energy and Mining of Uruguay

Montevideo, November 28 and 29, 2001

PROTECTION OF GEOGRAPHICAL INDICATIONS
UNDER THE TRIPS AGREEMENT AND RELATED WORK
OF THE WORLD TRADE ORGANIZATION (WTO)

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INTRODUCTION TO THE WTO AND THE TRIPS AGREEMENT

The TRIPS Agreement is to date the most comprehensive multilateral agreement on intellectual property. It covers each of the main areas of intellectual property - copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organizations), trademarks, geographical indications including appellations of origin,

industrial designs, patents including plant variety protection, layout-designs of integrated circuits and undisclosed information including trade secrets and test data.

In respect of each of the main areas of intellectual property covered by the TRIPS Agreement, the Agreement sets out the minimum standards of protection to be provided by Members. The main elements of protection are defined – namely, the subject-matter to be protected, the rights to be conferred and permissible exceptions to those rights, and the minimum duration of protection. The Agreement sets these standards by requiring, first, that the substantive obligations of the most recent versions of the main conventions of the World Intellectual Property Organization (WIPO), the Paris Convention and the Berne Convention must be complied with. The TRIPS Agreement also adds a substantial number of additional obligations on matters where the pre-existing WIPO conventions are silent or were regarded as being inadequate. Therefore, the TRIPS Agreement is thus sometimes referred to as a “Berne and Paris-plus Agreement”.

The protection provided under the Agreement has to be available to right-holders from WTO Members without discrimination as to their nationality. The Agreement also specifies in some detail the procedures and remedies that must be available so as to allow right holders to effectively enforce their rights with the assistance of judicial or other competent authorities. Disputes between WTO Members regarding compliance with their obligations under the TRIPS Agreement are subject to the WTO’s dispute settlement mechanism.

The various rights and obligations contained in the TRIPS Agreement apply equally to all Member countries, except that developing countries had a general transitional period until 2000 within which to comply with the Agreement and least-developed countries have such a period until 2006.

In respect of geographical indications, the TRIPS Agreement reflects a very sensitive compromise in an area that was one of the most difficult to negotiate during the Uruguay Round. Such sensitivity may be attributed to, among other things, the apparent growth in recognition of the commercial significance of geographical indications, in particular in respect of agricultural and food products, for exporting countries that may rely upon the added value that geographical indications may bestow.¹

¹ “As a result of the negotiations in the Uruguay round, trade in agricultural products is meant to come under the discipline of a rule-based system and a consequence thereof is believed to be that this might encourage moves towards added value in agricultural production and exports, since market shares will be increasingly determined by basic competitiveness rather than the ability and inclination to subsidize. Consequently, investments for the developments of quality products like high-value consumer-ready food preparations and other food and drink items might increase. At the same time, however, the demands for protection against misappropriation of the names or trademarks under which these products are marketed will be stronger as well as demands for the protection of other forms of intellectual property. In the Uruguay Round, the existence of such a connection has been recognized and, especially in the area of geographical indications, a link was made by some delegations between the negotiation of obligations in respect of trade in agricultural products and the negotiation of obligations to provide protection for geographical indications in the context of the TRIPS Agreement”: Matthijs Geuze, “Protection of Geographical Indications under the TRIPS Agreement and Related Work of the World Trade Organization” in *Symposium on the International Protection of Geographical Indications in the Worldwide Context*, WIPO Publication N° 760(E), 1999, p. 41.7.

The provisions of the Section of the TRIPS Agreement laying down the standards for the protection of geographical indications (Section 3 of Part II) are summarized in Annex 1.

COUNCIL FOR TRIPS

Review of National Implementing Legislation

The Council for TRIPS, which is open to participation by all 142 Members of the WTO, is the body responsible for overseeing the functioning of the TRIPS Agreement and monitoring its operation, in particular Members' compliance with their obligations under the Agreement. One of the key mechanisms for monitoring is the examination of each Member's national implementing legislation by the other Members. Article 63.2 of the TRIPS Agreement requires Members to notify the laws and regulations implementing the TRIPS Agreement to the Council for TRIPS in order to assist the Council in its review of the operation of the Agreement. These notifications are the basis for reviews of implementing legislation carried out by the Council.

The review of implementing legislation takes the form of a "peer group" examination. The legislation is studied by the notifying country's trading partners who are entitled to ask questions through the TRIPS Council. The questions are generally put some two to three months in advance, with responses to these questions provided on the floor of the TRIPS Council and in writing, in principle some two to three weeks in advance of the review meeting. An opportunity is given for follow-up questions.

The records of each review, which consist mainly of the questions put and the responses given, are distributed in a separate document for each country reviewed and for each area. For the area of geographical indications, the relevant documents are those circulated in the IP/Q2/ series. For example, questions put to and answers given by the United States are contained in documents IP/Q2/USA/1 and Add.1; those concerning the EC in IP/Q2/EEC/1; etc. The documents in question can be viewed and downloaded from the WTO's Internet website.² In 1996 and 1997, the legislation of 33 members was reviewed and in 1998 and 1999 the legislation of five newly acceded countries. In the course of 2000 and 2001, reviews of the legislation of 74 Members have been initiated, with 23 of these reviews having been completed so far.

Review of Experience/Practice regarding the Application of the Provisions on Geographical Indications

Various WTO Agreements lay down provisions which require further work to be done by WTO Members jointly in the relevant WTO body. This is also the case under the TRIPS Agreement and the Council for TRIPS identified six such built-in agenda items of the TRIPS Agreement. Three of these TRIPS built-in agenda items relate to the protection of geographical indications and are based on Articles 23.4, 24.1 and 24.2.

In November 1996, the TRIPS Council initiated, under Article 24.2 of TRIPS Agreement, its first review of the application of the provisions of the Section of the

² www.wto.org

Agreement pertaining to geographical indications. In the context of this review, a Checklist of Questions was prepared concerning various aspects of national regimes for the protection of geographical indications.³ Following the submission of 37 sets of responses by Members, the WTO Secretariat issued a summary paper of these responses, as requested by the Council.⁴

This summary paper provides, in its first section, a general overview of the various means of protection that exist in this area of law. The succeeding seven sections of the summary paper enter into the details that Members provided as to the following features of the systems they are employing:

- (a) the various definitions of protectable subject-matter and any other substantive criteria that may need to be complied with in order for an geographical indication to be eligible for protection;
- (b) procedures applied in relation to the *ex ante* recognition of geographical indications as being eligible for protection;
- (c) who is entitled to use a protected geographical indication and any procedures that apply to obtain such an entitlement; the duration of protection of geographical indications; arrangements regarding cancellation or forfeiture of geographical indications; and arrangements for monitoring the use of geographical indications;
- (d) protection available to prevent unauthorised use of geographical indications, including use by those who are not from within the area to which the geographical indication refers and those who are eligible or authorised users but are not using the geographical indication properly;
- (e) enforcement procedures;
- (f) the relationship of geographical indications to trademarks, including protection provided to prevent the registration as trademarks of signs containing or consisting of geographical indications.

The summary paper treats the differing means of protection in relation to which WTO Members provided information provided in their responses to the Checklist in three broad categories. The first relates to laws focusing on business practices. Typically, the issue at stake in legal proceedings regarding the use of a geographical indication under such laws is not whether the geographical indication as such is eligible for protection but, rather, whether a specific act involving the use of a geographical indication has contravened the general standards contained in laws covering unfair competition, consumer protection, trade descriptions, food standards etc. The second category concerns protection through trademark law. Trademark law may provide two types of protection for geographical indications. On the one hand, protection may be provided against the registration and use of geographical indications as trademarks. On the other hand, protection may be provided through collective, guarantee or certification marks. In contrast to the general means of protection of the first and

³ IP/C/13 and IP/C/13/Add.1.

⁴ IP/C/W/253.

second categories, the third category of protection concerns means specifically dedicated to the protection of geographical indications. Some of these means provide *sui generis* protection for geographical indications that relate to products with specifically defined characteristics or methods of production; other means apply without such specific definitions.

The delegations of Australia and New Zealand have suggested that the review should continue in a structured fashion.⁵ Pursuant to this suggestion, Australia has listed a number of questions concerning the protection of geographical indications to facilitate discussion and clarification of the meaning of the provisions of Section 3 of Part II of the TRIPS Agreement;⁶ and analyse the information that has been collected so far in the TRIPS Council. Australia has also posed specific questions to other delegations concerning information provided by these delegations in response to the Council's Checklist as reflected in the Secretariat's summary paper.⁷

Negotiations on the establishment of a multilateral system of notification and registration of geographical indications (Article 23.4)

Article 23.4 of the Agreement provides that, in order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken to establish a multilateral system of notification and registration of geographical indications for wines that are eligible for protection in those member countries participating in such a system. In 1997, the TRIPS Council initiated preliminary work on this matter and has since also looked into the possibility of establishing such a system for spirits, pursuant to its mandate for such work as contained in paragraph 34 of its annual report 1996.⁸

Information gathered by the Council in the context of its work on this matter includes 12 submissions from WTO Member countries on systems for the registration of geographical indications which they operate (document IP/C/W/76 and addenda); a background note prepared by the WTO Secretariat on existing notification and registration systems for geographical indications relating to wines and spirits (document IP/C/W/85); a background note prepared by the WTO Secretariat on international notification and registration systems for geographical indications relating to products other than wines and spirits (document IP/C/W/85/Add.1); and information provided by WIPO on the work that had commenced in

⁵ It may be noted that specific legal questions relating to the protection of geographical indications have also been raised in other subsidiary WTO bodies, notably the Committee on Rules of Origin (see G/RO/W/65) and the Committee on Technical Barriers to Trade (see G/TBT/W/119).

⁶ Documents IP/C/W/211 and IP/C/W/205 respectively.

⁷ IP/C/M/30, paragraphs 138 and 140, and IP/C/M/33, paragraph 105 – 107.

⁸ Paragraph 34 of the 1996 Annual Report reads as follows: "... In regard to geographical indications, the Council has agreed that a review of the application of the provisions of the section on geographical indications as provided for in Article 24.2 would take the form outlined in paragraph 27 above, which permits inputs from delegations on the issue of scope, and the Council will initiate in 1997 preliminary work on issues relevant to the negotiations specified in Article 23.4 of the TRIPS Agreement concerning the establishment of a multilateral system of notification and registration of geographical indications for wines. Issues relevant to a notification and registration system for spirits will be part of this preliminary work. All of the above work would be conducted without prejudice to the rights and obligations of Members under the TRIPS Agreement and in particular under the specific provisions of the TRIPS built-in agenda."

July 2000 in that Organization in relation to the Lisbon Agreement (IP/C/M/28, paragraph 107).

In July 1998, the European Communities and their member States tabled a proposal in the TRIPS Council regarding the establishment of a multilateral system of notification and registration of geographical indications.⁹ In June 2000, they submitted a revised version of this proposal,¹⁰ pursuant to which participating Members would notify geographical indications that identify goods as originating in their respective territories, in accordance with the definition contained in Article 22.1 of the TRIPS Agreement.¹¹ Notification of such a geographical indication has to be accompanied by certain elementary information concerning protection of the geographical indication in its country of origin as well as prima facie evidence of its protectability under the TRIPS Agreement. Upon publication of a geographical indication thus notified, an 18-month time-limit starts running within which other WTO Member countries can examine and formally challenge protection of the geographical indication. At the end of this 18-month period, the geographical indication will be registered. Challenges made within the 18-month period will be entered in the register as well. The disagreements in question should be solved by direct negotiations between the Members concerned without prejudice to the application of the WTO Dispute Settlement Understanding. Those WTO Members who fail to challenge the protection of a particular geographical indication within the 18-month period will no longer be in a position to refuse its protection on the basis that the geographical indication does not meet the definition contained in Article 22.1 of the TRIPS Agreement; nor to claim that it falls within the exception contained in Article 24.6 relating to generic terms; nor to claim that the geographical indication is false in the sense of Article 22.4. These legal effects would apply under the EC proposal to all WTO Members, whether or not they participate in the system to be established under Article 23.4. Only Members participating in the system to be established under Article 23.4, however, would be obliged to provide the legal means for interested parties to use the registration of a geographical indication under the system as a presumption of the eligibility for its protection.

Hungary has suggested that the system proposed by the EC involving direct bilateral consultations in the case of disagreement regarding registration of a geographical indication should be supplemented with a multilateral procedure that would apply where bilateral negotiations do not yield a settlement.¹² In justification of its proposal, Hungary has stated that, amongst other things, the possibility to seek a solution of a multilateral character is necessary to ensure that smaller WTO Members enjoy the same opportunities for representing their legitimate commercial interests as larger ones. Under the proposal, if, within the 18-month period prescribed under the EC proposal, negotiations following a Member's challenge of a notified geographical indication have not led to a mutually satisfactory result, the dispute will be submitted to binding arbitration. Geographical indications that have been successfully challenged on the basis of the definition contained in Article 22.1 or because they are false pursuant to Article 22.4 will not be registered. Members who successfully challenge protection on the basis of the exception for generic terms (Article 24.6) will not have to

⁹ IP/C/W/107.

¹⁰ IP/C/W/107/Rev.1.

¹¹ In December 2000, the EC also included proposals concerning the protection of geographical indications in the comprehensive negotiating proposal they tabled in the Special Session of the Committee on Agriculture (G/AG/NG/W/90).

¹² IP/C/W/234 and 255.

protect the geographical indication, even though they cannot prevent entry of the geographical indication in the register on this ground. The same would apply in respect of challenges based on the exceptions contained in Article 24.4 for prior use and Article 24.5 for pre-existing trademarks. Registration will only have effect in Members participating in the system.

Canada, Chile, Japan and the US have together proposed an alternative system, under which WTO Members wishing to participate in the system would submit a list to the WTO Secretariat of domestic geographical indications for covered products recognised as eligible for protection under their national legislation.¹³ Further, final decisions regarding ineligibility for protection would also have to be notified. Following receipt of notifications, the Secretariat would be required to compile a database of all notified geographical indications for covered products. As for the legal effect of such registration, according to this collective proposal, WTO Members choosing to participate in the system must refer to the WTO database of notified geographical indications when making decisions as to whether to provide protection for geographical indications under their national legislation. Other WTO Members would also be encouraged to refer to the database. The proposal further provides that appeals from or objections to any decisions granting or rejecting protection for particular geographical indications, whether notified to the WTO or not, shall occur at the national level at the request of appropriate interested parties in accordance with each WTO Member's national legislation. New Zealand, a supporter of this proposal, has tabled a paper in the TRIPS Council explaining that only the collective proposal could accommodate its national system.¹⁴

A comparative table juxtaposing these three proposals was submitted by the EC in the Spring of 2001 and is contained in document IP/C/W/259.

Proposals to extend article 23 to products other than wines and spirits

In September 2000, a paper¹⁵ was submitted to the TRIPS Council by Bulgaria, the Czech Republic, Iceland, India, Liechtenstein, Slovenia, Sri Lanka, Switzerland and Turkey concerning the issue of the extension of the additional protection under Article 23 of the Agreement to products other than wines and spirits.

These countries favour extension of the protection currently accorded to geographical indications for wines and spirits under Article 23 of the TRIPS Agreement to other products. Other proponents of this position include Cuba, Egypt, Georgia, Hungary, Kenya, the Kyrgyz Republic, Moldova, Mauritius, Nigeria, Pakistan and Venezuela.¹⁶ These Members have pointed out that the WTO Membership already agreed at the Singapore Ministerial Conference that proposals on the scope of the product coverage under Article 23 of the Agreement are allowed and take the view that Article 24.1 provides an avenue for such proposals.¹⁷ They consider that negotiations in relation to this item is built into the TRIPS

¹³ IP/C/W/133/Rev.1; an earlier proposal from Japan and the US is contained in document IP/C/W/133.

¹⁴ IP/C/W/189.

¹⁵ IP/C/W/204/Rev.1.

¹⁶ IP/C/W/247/Rev.1.

¹⁷ In its 1996 annual report, the TRIPS Council listed Article 24.1, under which Members agree to enter into negotiations aimed at increasing the protection of individual geographical indications under Article 23, as one of the built-in agenda items of the TRIPS Agreement.

Agreement and to reinforce their demands, they have linked progress or the lack thereof to other built-in agenda items of WTO Agreements, in particular, those relating to liberalisation of trade in agricultural products. They argue, among other things, that:

- (a) additional protection of geographical indications for all products adds value for exports because it increases the chances of market access for such goods;
- (b) without the additional protection, free-riding is possible¹⁸ and there is a risk that geographical indications will become generic over time;¹⁹
- (c) the test contained in Article 22, which currently applies to products other than wines and spirits leads to legal uncertainty in the enforcement of protection for geographical indications;²⁰
- (d) Article 22 places a costly burden of proof on the producer entitled to use a geographical indication to show that the public has been misled, or that there has been an act of unfair competition.

Advocates of this view have also argued that there is no justification for the differential treatment between, on the one hand, wines and spirits and, on the other hand, other products.

Another position is advocated by, in particular, Argentina, Australia, Canada, Chile, Guatemala, New Zealand, Paraguay and the United States.²¹ These Members oppose the extension of additional protection to products other than wines and spirits. In their view, extension of the scope of Article 23.1 to products other than wines and spirits goes beyond the mandate contained in Article 24.1 and could only be negotiated in the context of a new Round. In their view, the negotiating mandate in Article 24.1 concerns only “individual geographical indications”, not whole product areas, focusing on those geographical indications in respect of which a country is applying an exception under Article 24, for the purpose of exploring the scope of discontinuing the application of the exception with regard to a particular geographical indication.²²

¹⁸ In particular, it is argued that pursuant to the test contained in Article 22 to which products other than wines and spirits are subject, a producer may use a geographical indication for his product, even if it does not originate in the relevant territory provided that the product’s true origin is indicated on the label. Thus, it is argued, a producer can profit from the use of a “famous” geographical indication by arguing that the consumer has not been misled.

¹⁹ It is argued in this respect that since Article 22 does not prevent the use of geographical indications in translation or accompanied by expressions such as “style”, “type”, “kind”, “imitation” or the like, over time, geographical indications may become generic terms.

²⁰ The supporters of this argument state that the interpretation by national authorities of what constitutes “misleading the public” differs from country to country. This will lead to inconsistent decisions and legal uncertainty regarding the protection granted to geographical indications and its enforcement at the international level.

²¹ IP/C/W/289.

²² See, for example, IP/C/M/29, paragraphs 93 and 96.

Further, they:

(a) point to the legal and administrative costs associated with extending the scope of Article 23.1;

(b) argue that there is no evidence of failure of Article 22 to protect geographical indications for products other than wines and spirits and that, similarly, there is no evidence to indicate whether extending the scope of Article 23.1 to products other than wine and spirits would result in more effective protection than is already afforded to those products under Article 22;

(c) suggest that additional protection could close-off of future market access opportunities for emerging industries and result in uncertainty concerning the continued use in existing markets;

(d) argue that consumer confusion would be caused through the disappearance of terms customarily used to identify products which will, in turn, increase search and transaction costs for consumers and potentially prices as well.²³

Advocates of this view argue that differential treatment as between wines and spirits on the one hand and other products on the other is justified since the additional level of protection provided under Article 23 is the result of a negotiating compromise reached in the broader context of the Uruguay Round negotiations.

AVENUES AVAILABLE TO A WTO MEMBER IN CASE A GEOGRAPHICAL INDICATION IS NOT PROTECTED IN ANOTHER WTO MEMBER

At the National Level

In situations where protection is available for the geographical indication but the geographical indication is being used by persons not entitled or authorised to use it, the enforcement procedures contained in the Agreement must be available in the country concerned (see Annex 2 of this paper). It may be noted that, while in some countries *ex officio* action may be available for the monitoring and/or enforcement of geographical indications by public authorities, notably in countries where geographical indications are owned by the State, in other countries, initiation of action may only be possible by private parties through civil or criminal proceedings.²⁴

²³ A response to these arguments submitted by the proponents of extension is contained in document IP/C/W/308/Rev.1.

²⁴ Article 42 of the TRIPS Agreement provides that “Members shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement.” The term “right holder” is to include federations and associations having legal standing to assert such rights (TRIPS, footnote 11 to Article 42). Footnote 4 to Article 23 (“Additional Protection for Geographical Indications for Wines and Spirits”) provides that “Notwithstanding the first sentence of Article 42, Members may, with respect to these obligations, instead provide for enforcement by administrative action.”

As regards the persons entitled to initiate enforcement procedures, reference can be made to the information that Members have provided to the TRIPS Council in response to the Council's Checklist of Questions on the application of the provisions of the Agreement on geographical indications and which has been summarised by the WTO Secretariat in WTO document IP/C/W/253 (See section II.B of this paper). As indicated in paragraphs 116 – 120 and 130 – 132 of this summary paper, enforcement proceedings regarding the misuse of geographical indications may be initiated *ex officio* by administrative or other public authorities, either spontaneously or on the basis of a complaint brought to their attention, but there are also private rights of action. It should be noted that in this area of intellectual property law, misuse may relate not only to use of a geographical indication by those who are not eligible/authorised to use it, but also to use by those who, while having such an entitlement, are using the geographical indication improperly. As mentioned in paragraphs 97-99 of the Secretariat's summary paper, under systems for the protection of geographical indications that provide for their *ex ante* recognition, compliance with the requirements for use of a protected geographical indication is usually the subject of monitoring by a public authority; and WTO members employing means for the *sui generis* protection of geographical indications on the basis of definitions specifying characteristics of the product or methods of production have indicated that such monitoring may take the form of quality and quantity controls, for example, through on-the-spot inspections of the production conditions and the products. The public surveillance authorities responsible for such monitoring may, in some countries, also have the authority, or duty, to initiate enforcement proceedings, while in other countries they have to inform other public authorities responsible for initiating enforcement action. The information provided by Members also indicates that *ex officio* action may not always be available for the benefit of foreign geographical indications (see paragraphs 100 and 136 of the summary paper).

Private parties who are beneficiaries of the protection provided for in Articles 22 or 23 of the TRIPS Agreement and want to take action through civil judicial procedures abroad against infringements of their geographical indications may be in a position, in countries whose legal systems provide for direct applicability of TRIPS provisions, to raise questions of interpretation and application of these provisions to the relevant countries' national courts. (See also section III.C of this paper).

In order to facilitate the protection of geographical indications, Article 23.4 of the Agreement calls for negotiations in the TRIPS Council concerning the establishment of a multilateral system of notification and registration of geographical indications. The scope of this provision is limited to geographical indications for wines, but the Council has been considering the matter with a broader perspective, as has been explained in section II of this paper.

At the Multilateral Level

*Dispute Settlement in the WTO*²⁵:

In situations where a geographical indication does not enjoy protection in a WTO Member contrary to the provisions of Articles 22, 23 or 24, or those of Part I, Part III or Part IV of the Agreement, the country of origin has the right to take the matter up under the WTO Dispute Settlement Understanding.

A dispute that may thus arise between two or more governments about compliance with TRIPS obligations can be subject to the integrated dispute settlement system of the WTO. This is a markedly strengthened version of the former GATT dispute settlement mechanism. It is now a quasi-judicial procedure, with greater automaticity in the movement of proceedings from one stage to the next and in the adoption of reports, thus removing the possibility for respondent WTO Members to block or delay the procedure. This strengthening has been balanced by the addition of an appeal stage to a standing Appellate Body. If a WTO Member is found not to be in compliance with a TRIPS obligation and does not remedy this by amending the existing law or practice in accordance with the findings of the panel or Appellate Body, Member governments that were complainants in the dispute settlement proceedings may be authorized by the WTO Dispute Settlement Body to suspend concessions they have granted to the non-compliant WTO Member. Such retaliatory measures could be authorized in other areas covered by WTO Agreements, such as, for example, the area of trade in agricultural products.

In regard to alleged non-compliance with provisions of the TRIPS Agreement, the WTO dispute settlement system has so far been invoked 24 times. This compares with a total number of consultation requests under the WTO system, in respect of all of the 26 WTO agreements, of some 240 disputes since the creation of the WTO in 1995. The proportion of TRIPS cases of 10 per cent is quite considerable given that until 1 January 2000 only 38 WTO Members, out of a total of now 142, had full TRIPS obligations, which was not the case under most other WTO agreements.

Only one of the 24 TRIPS cases concerns the protection of geographical indications under the TRIPS Agreement. This case is still in the consultations phase – that is, the first stage of dispute settlement proceedings under the WTO Dispute Settlement Understanding. In particular, by a communication dated 1 June 1999, the United States requested consultations with the EC regarding the protection of trademarks and geographical indications for agricultural products and foodstuffs in the European Communities.²⁶ The US stated in this request for consultations that “the European Communities’ Regulation 2081/92, as amended, does not provide national treatment with respect to geographical indications, and does not provide sufficient protection to pre-existing trademarks that are similar or identical to a

²⁵ Regarding the rights that private parties may have in relation to perceived breaches of the TRIPS Agreement, while private parties may be heavily involved in intellectual property disputes between governments, they do not have direct recourse to WTO procedures and bodies. They could file a complaint with their government regarding the alleged non-compliance of another WTO Member with a TRIPS obligation. In some countries, special procedures for filing such complaints are available, for example in the United States and in the European Union.

²⁶ IP/D/19.

geographical indication. This situation appears to be inconsistent with the European Communities' obligations under the TRIPs Agreement, including but not necessarily limited to Articles 3, 16, 24, 63 and 65 of the TRIPs Agreement."

Dispute	Complaint	Defendant	TRIPS Provisions	IP Area
IP/D/1	US	Japan	14/70.2	Copyright
IP/D/2	US	Pakistan	70.8/70.9	Patents
IP/D/3	US	Portugal	33/70.2	Patents
IP/D/4	EC+MS	Japan	14/70.2	Copyright
IP/D/5	US	India	70.8/70.9	Patents
IP/D/6	US	Indonesia	3/20/65.5	Trademarks
IP/D/7	EC+MS	India	70.8/70.9	Patents
IP/D/8	US	Ireland	9-14/41-48/61/70	Copyright/Enforcement
IP/D/9	US	Denmark	50	Enforcement
IP/D/10	US	Sweden	50	Enforcement
IP/D/11	EC+MS	Canada	27/28/33	Patents
IP/D/12	US	EC	9-14/41-48/61/70	Copyright/Enforcement
IP/D/13	US	Greece	41/61	Enforcement
IP/D/14	US	EC	41/61	Enforcement
IP/D/15	CAN	EC+MS	27.1	Patents
IP/D/16	EC+MS	US	9.1(11-11 <i>bis</i> Berne)	Copyright
IP/D/17	US	Canada	33/70.2	Patents
IP/D/18	US	Argentina	70.9/39.3	Patents/Test Data
IP/D/19	US	EC+MS	3/16/24	Trademarks/GI's
IP/D/20	EC+MS	US	2/3/4/15/16/42	Trademarks/ Enforcement
IP/D/21	EC+MS	US	2/3/9/27/41/42/49-51	Enforcement/Patents
IP/D/22	US	Argentina	27/28/31/34/39/50/6 2	Patents/Test Data
IP/D/23	US	Brazil	27/28	Patents
IP/D/24	Brazil	US	27/28	Patents

It will be noted that, until recently, complaints had only been lodged by the major industrialized countries, mostly the United States and the European Communities. This should, of course, be seen in the broader context of the WTO dispute settlement mechanism as a whole. Among the total number of cases initiated in the WTO, about a third of the requests for consultations have been made by developing country WTO Members, many of them with success.

It should also be recalled that one of the aims of the WTO system, and consequently also the TRIPs Agreement, is to reduce tensions by strengthening commitments to resolve disputes on trade-related intellectual property issues through multilateral procedures. Article 23 of the dispute settlement procedures commits all WTO Members seeking redress of a violation of TRIPs or other WTO obligations to use the multilateral procedures and to respect them in relation to determinations of violations and any recourse to retaliatory measures.

Finally, reference should be made to an arbitration case under the DSU between Ecuador and the EC in which the WTO's Dispute Settlement Body authorised Ecuador to

retaliate in *inter alia* the TRIPS area given the EC's failure to comply with panel and Appellate Body rulings in the so-called *Bananas* dispute, in which the EC was found to be violating various WTO agreements in the areas of trade in goods and trade in services. A summary of this case which concerned *inter alia* the area of geographical indications, is contained in Annex 3 to this paper.

Negotiations under Article 24.1

There are also situations where a particular geographical indication may not enjoy, or may not fully enjoy, the protection provided for in Article 22 or 23, in accordance with the exceptions provisions contained in Article 24 as applied by a country with respect to that geographical indication. The relevant indication may, in that country, for example, be a generic term in accordance with Article 24.6, or the subject of prior trademark rights in accordance with Article 24.5. If the country of origin of the geographical indication in question would like to change such a situation, it will have to resort to bilateral or multilateral negotiations. In this regard, reference should be made to the provisions of Article 24.1 of the TRIPS Agreement, which establish a negotiating right in this respect for the country of origin (see section 4 of Annex 1 to this paper). As to the scope of Article 24.1 and the relevant discussions in the TRIPS Council concerning its implementation, see section II of this paper.

Interpretation of the Ttrips Agreement

Article IX:2 of the Marrakech Agreement Establishing the WTO, provides that the Ministerial Conference and the General Council have exclusive authority to adopt interpretations of WTO Agreements although in the case of the TRIPS Agreement, these two bodies may exercise their authority on the basis of a recommendation by the TRIPS Council. Further, Article 3.2 of the Understanding on Rules and Procedures Governing the Settlement of Disputes effectively provides that WTO Agreements, including the TRIPS Agreement, should be interpreted in accordance with customary rules of interpretation of public international law.

As mentioned above in section III.A of this paper, certain national legal systems may provide for the direct applicability of TRIPS provisions. In such cases, questions of interpretation and application of the Agreement could be raised in the relevant countries' national courts. These courts are only competent to interpret TRIPS provisions as incorporated in national law. Whether their interpretation of a TRIPS provision is consistent with the relevant country's obligations under the TRIPS Agreement remains a matter to be decided by WTO Members.

THE DOHA MINISTERIAL CONFERENCE

The Ministerial Conference is the top-most decision-making body of the WTO. It is required to meet at least every two years, bringing together all the countries and separate customs territories which are Members of the WTO. The fourth WTO Ministerial Conference will be held in Doha, Qatar, from 9-13 November 2001 and proposals are on the table which are relevant to the on-going work on the TRIPS Council's built-in agenda items, including in the area of geographical indications. At the time of writing this paper, the Doha Ministerial Conference had not yet taken place. Accordingly, an update of relevant aspects of the Doha Ministerial Declaration will be provided during the author's oral presentation.

ANNEX I

STANDARDS FOR THE PROTECTION OF GEOGRAPHICAL
INDICATIONS UNDER SECTION 3 OF PART II OF THE TRIPS
AGREEMENTDefinition

The Agreement defines geographical indications in Article 22.1 as indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. Thus, this definition specifies that the quality, reputation or other characteristics of a good can each be a sufficient basis for eligibility as a geographical indication, where they are essentially attributable to the geographical origin of the good.

General Standards of Protection

Article 22.2 refers to the general standards of protection that must be available for all geographical indications. In particular, the Agreement provides that legal means must be provided to prevent the use of geographical indications which misleads the public as to the geographical origin of the good.²⁷ In addition, the Agreement requires that legal means must be provided to prevent use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention.²⁸ Protection must also be available against the registration of a trademark, which contains a geographical indication with respect to goods not originating in the territory indicated whose use for such goods would be of such a nature as to mislead the public as to the true place of origin.²⁹

²⁷ TRIPS, Article 22.2(a).

²⁸ TRIPS, Article 22.2(b). Pursuant to Art 10*bis* of the Paris Convention, this includes “any act of competition contrary to honest practices in industrial or commercial matters”, in particular:

- “All acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial and commercial activities, of a competitor;
- “False allegations in the course of trade of such a nature as to discredit the establishment, the goods or the industrial and commercial activities, of a competitor;
- “Indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quality of the goods.”

²⁹ TRIPS, Article 22.3.

Additional Protection for Wines and Spirits

Article 23 of the TRIPS Agreement provides for a more absolute form of protection in relation to geographical indications for wines and spirits. Pursuant to Article 23.1, interested parties must have the legal means to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by that geographical indication. This applies even where such use might not mislead the public; where it might not amount to unfair competition; where the true origin of the good might be indicated; or where the geographical indication might be accompanied by expressions such as “kind”, “style”, “type”, “imitation” or the like. Protection must also be available against the registration of a trademark for wines, which contains a geographical indications identifying wines, if the wines do not have the origin indicated by the geographical indication.³⁰ Similar protection must be given to geographical indications identifying spirits. In respect of use of these geographical indications for other products, the general standards of protection under Article 22 apply.

In the case of homonymous geographical indications (that is, different geographical indications which consist of or contain the same identifier),³¹ protection must be accorded to each homonymous indication.³² The Agreement contains a specific rule concerning homonymous geographical indications for wines. In the case of homonymous geographical indications, protection could be claimed for one against the use of the other(s) (there may be more than two) with the possible result that neither or none of them could be used. Therefore, the Agreement lays down a rule that each WTO Member has to apply in respect of such geographical indications.³³ Thus, in each of the Members in which homonymous geographical indications exist, practical conditions must be determined so as to differentiate the homonymous indications, taking into account the need to ensure equitable treatment of the relevant producers and also to ensure that consumers are not misled. However, if use of one of the homonymous geographical indications in a given WTO Member would falsely represent to the public in that Member that the products in question originate in the territory of another of the homonymous geographical indications,³⁴ the beneficiaries of the geographical indication of the products to which the public in that Member will thus link the other geographical indication used must be entitled to prevent use of this other homonymous identifier.

Exceptions Balanced by Provisions for Future Negotiations Aimed at Increasing Protection

Article 24 contains a number of exceptions regarding the protection of geographical indications. However, it also contains provisions concerning negotiations aimed at increasing the protection of geographical indications and which WTO Members are not allowed to refuse to enter into or conclude on the basis of the existing exceptions applied in accordance with Article 24.

³⁰ TRIPS, Article 23.2.

³¹ An example is “Rioja,” La Rioja being the name of wine-producing regions that exist in both Argentina and Spain.

³² TRIPS, Article 23.3.

³³ Subject to the exceptions provisions of Article 24.

³⁴ TRIPS, Article 22.4.

There are three main exceptions that are of particular relevance in respect of the additional protection for geographical indications for wines and spirits. The first main exception provides that a Member State is not obliged to protect a geographical indication in cases where a geographical indication has become the generic name in a country for the products in question or for a grape variety.³⁵

The second main exception deals with the situation where a geographical indication may conflict with pre-existing trademark rights which have been acquired in good faith. Measures adopted to implement Section 3 of Part II shall not prejudice the eligibility for or the validity of the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with or similar to a geographical indication.³⁶

The third main exception allows, under certain circumstances, continued use of a geographical indication that has been used in a WTO Member prior to the conclusion of the Uruguay Round,³⁷ even where the indication in question has not become generic and a pre-existing trademark right does not exist. The scope of this exception, however, is circumscribed. It only applies to geographical indications identifying wines or spirits. It can only benefit nationals or domiciliaries of the WTO Member using the exception who had previously used the geographical indication in good faith or for at least 10 years prior to the conclusion of the Uruguay Round, and in any case continuously. Moreover, use of the geographical indication under the exception must be “similar” to the previous use. “Similar” use has been taken to mean that the subsequent use must be similar in scale and nature.³⁸

The Agreement also provides that the exceptions cannot be used to diminish the protection of geographical indications that existed immediately prior to the entry into force of the TRIPS Agreement.³⁹

³⁵ TRIPS, Article 24.6.

³⁶ TRIPS, Article 24.5.

³⁷ 15 April 1994.

³⁸ TRIPS, Article 24.4.

³⁹ TRIPS, Article 24.3.

ANNEX II

ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS UNDER THE
TRIPS AGREEMENT

The TRIPS Agreement's provisions on enforcement are contained in Part III, which is divided into five Sections. The first Section lays down general obligations that all enforcement procedures must meet. These are notably aimed at ensuring their effectiveness and that certain basic principles of due process are met. The following Sections deal with civil and administrative procedures and remedies, provisional measures, special requirements related to border measures and criminal procedures. These provisions have two basic objectives: one is to ensure that effective means of enforcement are available to right holders; the second is to ensure that enforcement procedures are applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

The Agreement makes a distinction between infringing activity in general, in respect of which civil judicial procedures and remedies must be available, and counterfeiting and piracy, the more blatant and egregious forms of infringing activity, in respect of which additional procedures and remedies must also be provided, namely border measures and criminal procedures. For this purpose, counterfeit goods are in essence defined as goods involving slavish copying of trademarks, and pirated goods as goods which violate a reproduction right under copyright or a related right.

General obligations

The general obligations relating to enforcement are contained in Article 41. Paragraph 1 requires that enforcement procedures must be such as to permit effective action against any act of infringement of intellectual property rights, and that the remedies available must be expeditious in order to prevent infringements and they must constitute a deterrent to further infringements. On the other hand, these procedures must be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

The following three paragraphs contain certain general principles, the aim of which is to guarantee due process. Paragraph 2 deals with enforcement procedures. Such procedures must be fair and equitable, and they may not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays. Paragraph 3 concerns decisions on the merits of a case. Such decisions shall preferably be in writing and reasoned, and they shall be made available at least to the parties to the proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard. Paragraph 4 requires that parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member's law concerning the importance of a case, of at least

the legal aspects of initial judicial decisions on the merits of a case. However, there is no obligation to provide an opportunity for review of acquittals in criminal cases.

According to paragraph 5, it is understood that the provisions on enforcement do not create 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, nor does it affect the capacity of Members to enforce their law in general. In addition, it is stated that nothing in these provisions creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general. However, a number of countries have found it helpful to establish special enforcement units that pool together required experience needed to effectively fight against counterfeiting and piracy. Moreover, some countries have centralized certain types of intellectual property issues in one or a limited number of courts in order to ensure the availability of necessary expertise.

Civil and administrative procedures and remedies

The second Section requires that civil judicial procedures must be available in respect of any activity infringing intellectual property rights covered by the Agreement. The provisions of the Section elaborate in more detail basic features that such procedures must provide for.

Article 42 contains certain principles aimed at ensuring due process. Defendants are entitled to written notice which is timely and contains sufficient details of the claims. Parties must be allowed to be represented by independent legal counsel, and procedures may not impose overly burdensome requirements concerning mandatory personal appearances. All parties are entitled to substantiate their claims and to present all relevant evidence, while confidential information must be identified and protected.

Article 43 deals with how the rules on evidence should be applied in certain situations. In a situation where evidence that is likely to be important for one party is in the possession of the opposing party, the court must be empowered, provided that certain conditions are met, to order the latter party to produce that evidence. In addition, courts may be authorized to make their decisions on the basis of information presented to them, if a party refuses without good reason access to evidence that is in his or her possession, subject to providing the parties an opportunity to be heard.

The Section contains provisions on injunctions, damages and other remedies. Article 44 requires that the courts be empowered to order injunctions, i.e. to order a party to desist from infringements, including the possibility to prevent imported infringing goods from entering into domestic distribution channels. Members are not obliged to provide that authority where a person has acted in good faith. Article 45 provides that the courts must be empowered to order an infringer, at least if he or she acted in bad faith, to pay the right holder adequate damages. They must also be authorized to order the infringer to pay the right holder's expenses. These expenses may include appropriate attorney's fees. In appropriate cases, the courts may be authorized to order recovery of profits and/or payment of pre-established damages even where the infringer acted in good faith.

In order to create an effective deterrent to infringement, Article 46 requires that the judicial authorities must have the authority to order infringing goods to be disposed of outside the channels of commerce, or, where constitutionally possible, destroyed. Similarly, it must be possible to dispose of materials and instruments predominantly used in the production of the infringing goods. In considering such requests, the courts must take into account

proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties. In respect of counterfeit trademark goods, it is clarified that the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

The judicial authorities may be authorized to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution (Article 47). This option is aimed at assisting the right holders to find the source of infringing goods and to take appropriate action against other persons in the distribution channels. This provision must be applied in a way that is in proportion to the seriousness of the infringement.

The Section contains certain safeguards against abuse of enforcement procedures. Article 48 provides that the judicial authorities must have the authority to order the applicant who has abused enforcement procedures to pay an adequate compensation to the defendant who has been wrongfully enjoined or restrained to cover both the injury suffered and expenses. Such expenses may include appropriate attorney's fees. Public authorities and officials are exempted from liability to appropriate remedial measures only where actions are taken or intended in good faith in the course of the administration of that law.

Article 49 provides that, to the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in the Section.

Provisional measures

Article 41 requires that enforcement procedures must permit effective action against infringements and must include expeditious remedies. As these judicial procedures may take a fair amount of time, it is necessary for the judicial authorities to be empowered to provide provisional relief for the right holder in order to stop an alleged infringement immediately. The provisions on provisional measures are contained in Article 50. It requires each country to ensure that its judicial authorities have the authority to order prompt and effective provisional measures. Such measures must be available in respect of any intellectual property right. Provisional measures have to be available in two situations. One is where they are needed to prevent an infringement from occurring, and to prevent infringing goods from entering into the channels of commerce. This includes preventing imported infringing goods from being dispersed into domestic distribution channels immediately after customs clearance. The other situation is where such measures are needed to preserve relevant evidence in regard to the alleged infringement.

Effective use of provisional measures may require that action be taken without giving prior notice to the other side. Therefore, the judicial authorities must have the authority to adopt provisional measures *inaudita altera parte*, i.e. without prior hearing of the other side, where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed (paragraph 2).

The courts may require the applicant to provide any reasonably available adequate evidence that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent (paragraph 3). The applicant may also be required to supply information necessary for the identification of the goods (paragraph 5). Where provisional measures have been adopted *inaudita altera parte*, the parties affected must be

given notice, without delay after the execution of the measures at the latest. The defendant has a right to review with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed (paragraph 4).

The provisions on provisional measures contain certain safeguards against abuse of such measures. The judicial authority may require the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse (paragraph 3). Provisional measures shall, upon request by the defendant, be revoked or otherwise cease to have effect, if the applicant fails to initiate proceedings leading to a decision on the merits of the case within a reasonable period to be determined by the judicial authority ordering the measures. In the absence of such a determination, this period may not exceed 20 working days or 31 calendar days, whichever is the longer (paragraph 6). Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant to provide the defendant appropriate compensation for any injury caused by these measures (paragraph 7).

The above principles apply also to administrative procedures to the extent that any provisional measure can be ordered as a result of such procedures (paragraph 8).

Special requirements related to border measures

The emphasis in the enforcement part of the TRIPS Agreement is on internal enforcement mechanisms which, if effective, would enable infringing activity to be stopped at source, the point of production. Where possible, this is both a more efficient way of enforcing intellectual property rights and less liable to give rise to risks of discrimination against imports than special border measures. However, the Agreement recognizes that such enforcement at source will not always be possible and that in any event not all countries are Members of the TRIPS Agreement. The Agreement therefore also recognizes the importance of border enforcement procedures that will enable right holders to obtain the cooperation of customs administrations so as to prevent the release of infringing imports into free circulation. The special requirements related to border measures are contained in Section 4 of the enforcement Part of the Agreement.

According to Article 51 of the Agreement, the goods which must be subject to border enforcement procedures must include at least counterfeit trademark and pirated copyright goods that are being presented for importation (see footnote 14 to that Article for the precise definition of these terms). The Article leaves flexibility to Member governments on whether to include imports of goods which involve other infringements of intellectual property rights. Members are also free to determine whether to apply these procedures to parallel imports. This is confirmed in footnote 13 to the Article, according to which it is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder. In accordance with Article 60, Members may exclude from the application of these procedures *de minimis* imports, i.e. small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments. Article 51 leaves it to Members to decide whether to apply corresponding procedures to the suspension by customs authorities of infringing goods destined for exportation from their territories, or to goods in transit.

The basic mechanism required by the Agreement is that each Member must designate a "competent authority", to which applications by right holders for customs action shall be

lodged (Article 51). The competent authority could be the customs authorities, a court, or some other administrative or judicial body. The right holder lodging an application to the competent authority shall be required to provide adequate evidence of a *prima facie* infringement of his intellectual property right and to supply a sufficiently detailed description of the goods to make them readily recognizable by the customs authorities. The competent authorities shall then inform the applicant whether the application has been accepted and, if so, for what period, and give the necessary directions to customs officers (Article 52). After this, it is the responsibility of the applicant to initiate proceedings leading to a decision on the merits of the case. The Agreement requires a system to be put in place under which action will be taken on the basis of an application from a right holder, but leaves it to Members to determine whether they require competent authorities to act upon their own initiative. Article 58 contains certain additional provisions applicable to such *ex officio* action.

The provisions on border measures require the taking of what are essentially provisional measures against imports of infringing goods. Many of the same types of safeguards against abuse as appear in Article 50 on provisional judicial measures are provided for. The competent authority may require the applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. However, such security or equivalent assurance may not be such as to unreasonably deter recourse to these procedures (Article 53.1). The importer and the applicant must be promptly notified of the detention of goods (Article 54). If the right holder fails to initiate proceedings leading to a decision on the merits of a case within ten working days, the goods shall normally be released (Article 55). Where goods involve the alleged infringement of industrial designs, patents, layout-designs or undisclosed information, the importer must be entitled to obtain their release on the posting of a security sufficient to protect the right holder from any infringement, even if proceedings leading to a decision on the merits have been initiated (Article 53.2). Once judicial proceedings on the merits of a case have been initiated, the judicial authority may continue the suspension of the release of goods in accordance with a provisional judicial measure. In that case, the provisions on provisional measures in Article 50 shall be applied. The applicant may be required to pay appropriate compensation to persons whose interests have been adversely affected by the wrongful detention of goods or through detention of goods released pursuant to the failure of the applicant to initiate in time proceedings leading to a decision on the merits of the case (Article 56).

The competent authorities must be able to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate his or her claims. Where goods have been found infringing as a result of a decision on the merits, the Agreement leaves it to Members whether to enable the right holder to be informed of other persons in the distribution channel so that appropriate action could also be taken against them (Article 57).

In regard to remedies, the competent authorities must have the power to order the destruction or disposal outside the channels of commerce of infringing goods in such a manner as to avoid any harm to the right holder. The principles contained in Article 46 on civil remedies, such as the need for proportionality, apply also to border measures. In regard to counterfeit trademark goods, the authorities may not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances. These remedies are without prejudice to other rights of action open to the right holder, such as to obtain damages through civil litigation, and are also subject to the right of the defendant to seek review by a judicial authority (Article 59).

Criminal procedures

The fifth and final section in the enforcement chapter of the TRIPS Agreement deals with criminal procedures. According to Article 61, provision must be made for these to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. The Agreement leaves it to Members to decide whether to provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.

Sanctions must include imprisonment and/or monetary fines sufficient to provide a deterrent, consistent with the level of penalties applied for crimes of a corresponding gravity. Criminal remedies in appropriate cases must also include seizure, forfeiture and destruction of the infringing goods and of materials and instruments used to produce them.

Information on implementation

Seventy-nine Members have provided responses to a Checklist of Issues on Enforcement, explaining how they implement the obligations contained in Part III of the TRIPS Agreement. These responses can be obtained on-line from the WTO website at <<http://www.wto.org>>. Select “documents on-line” and then enter document code “IP/N/6/-”. The responses of each Member to the Checklist appear in a separate document in this series. The Checklist itself is document IP/C/5.

These same Members have also responded to questions posed by other delegations in a review conducted by the Council for TRIPS. The records of this review are currently being distributed to Members and Observers in the document series “IP/Q4/-”. The responses of each Member to delegations’ questions appear in a separate document in this series, and they will also be available on-line from the WTO website.

ANNEX III

ECUADOR AUTHORIZED TO RETALIATE IN THE TRIPS AREA
(WT/DS27/ARB/ECU)

On 24 March 2000, arbitrators rendered a decision on a request from Ecuador to be authorized by the Dispute Settlement Body to retaliate because of the EC's failure to comply with panel and Appellate Body rulings against it in the so-called *Bananas* dispute, in which the EC was found to be violating various WTO agreements in the areas of trade in goods and trade in services. Last year, the United States - one of the other complainants in this dispute - had been authorized to retaliate, i.e. suspend concessions or other obligations it has *vis-à-vis* the EC under the WTO, for an amount of up to US \$191 million annually. In the Ecuadorian case, the arbitrators concluded that retaliation could be authorized for an amount of up to US \$201.6 million annually.

Ecuador will be authorized to suspend, *inter alia*, obligations under the TRIPS Agreement. The Dispute Settlement Understanding allows retaliation under another agreement than the one violated if suspension of concessions or other obligations will not be effective or practicable under the WTO agreement violated. However, Ecuador has indicated that it would prefer the EC to make adjustments to its bananas importation régime that would be in line with the panel and Appellate Body rulings. However, if the EC does not remove the violations in its bananas trade régime, Ecuador may revert to suspension of concessions.

The arbitrators acknowledged that, in case retaliation is thus carried out, Ecuador may need to revert to the TRIPS Agreement. However, they did so while indicating a number of points to be taken into account by Ecuador in that regard:

(a) Suspension of TRIPS obligations should be limited to right holders that are EC nationals. (In fact, if Ecuador has indicated that it would request the authorization of the suspension of concessions in regard to only 13 of the EC's member States, i.e. not the Netherlands and Denmark who voted against the adoption of the violating bananas régime. The TRIPS sectors in which it has indicated to consider retaliation are those of neighbouring rights in respect of sound recordings, geographical indications and industrial designs.) In this respect, there may be a difficulty in applying the suspension of obligations if there is more than one right holder involved in the subject-matter of a particular IPR, e.g. if the producer of a sound recording is from one of the targeted 13 member States but the performer whose performance is on the sound recording is not such a national.

(b) There was a difference of view between the parties as to whether suspensions of TRIPS obligations would be allowed that would at the same time affect obligations under WIPO conventions. In this respect, the arbitrators noted that most of the provisions of the Berne and Paris Conventions are also incorporated into the TRIPS Agreement and constitute TRIPS obligations in respect of which retaliatory measures can be authorized under the WTO Dispute Settlement Understanding. The safeguard clause of Article 2.2 of the TRIPS Agreement concerning, *inter alia*, these Conventions did not change that. They also noted that it was not within their mandate to address any

problems that might possibly arise under other international obligations as a result of any suspension of TRIPS obligations.

(c) Copies of sound recordings produced in Ecuador during the suspension period remain copies made without authorization of the right holder, i.e. other countries cannot import them legally if the holder of rights in the sound recording has rights in these other countries. Other Members' obligations remain in force in respect of such copies.

(d) The arbitrators noted Ecuador's intention to implement the requested retaliation possibility by establishing a licensing system through which it can keep control over the amount of copies produced during the period of retaliation (and what value they represent).

(e) The arbitrators also noted that retaliation is a temporary measure pending compliance by the country retaliated against (thereby discouraging investments that might not prove to be viable in the longer term).

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