

CHAPTER 13

PROTECTION OF INTELLECTUAL PROPERTY

OVERVIEW OF RULES

1. BACKGROUND OF RULES

In today's highly-developed economic environment, intellectual creativity (e.g., inventions, design know-how, and artistic creations) is becoming increasingly important in daily business. In these contexts, inventions, designs, literary works, layout-designs of integrated circuits and trade secrets are subject to legal protection. In addition, trademarks are entitled to legal protection to safeguard reputations gained as a result of marketing and production activities, as well as to protect consumers and ensure fair competition. As the volume of trade in goods and services involving intellectual property has greatly increased in recent years, the importance of the protection of intellectual property for the world economy has grown enormously. Inappropriate and insufficient protection of intellectual property among WTO Members can distort free trade.

In developing countries, the protection of intellectual property rights (IPR) was often insufficient. For example, developing countries often had insufficient standards for protection such as limited coverage of protection, very limited protection period, or ineffective practices of enforcement. There were some developed countries that maintained problematic intellectual property regimes that, for example, provided excessive protection, or were quite different from those employed by the rest of the world, so that their administration alone constituted discrimination.

To address the trade distorting effects caused by these problems, through the negotiation in the Uruguay Round, establishment of an appropriate framework for the protection of intellectual property was sought. A number of international treaties already form a common legal framework for the protection of intellectual property. The Paris Convention, which entered into force in 1883, covers patents, trademarks and other industrial property rights. The Berne Convention, which entered into force in 1886, covers copyrights. Recently, however, as countries paid more attention to the trade-related aspects of this subject, they have frequently placed intellectual property protection on the agenda of trade negotiations. Countries recognized that, to establish standards on aspects of trade regarding the protection of intellectual property, as many governments as possible needed to take part in framing an international agreement. As a result, GATT negotiators developed the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) - one of the most important new areas in the Uruguay Round negotiations. A final consensus on the TRIPS Agreement was reached in Marrakesh in April 1994. The TRIPS Agreement took effect on January 1, 1995.

2. LEGAL FRAMEWORK

Although a few problems remain, the TRIPS Agreement establishes valuable standards for the

trade-related aspects of protecting intellectual property.

For the meaning, etc. of the TRIPS Agreement, see pages 505-506 in the 2017 Report on Compliance by Major Trading Partners with Trade Agreements - WTO, EPA/FTA and IIA -.

Figure II-13 Outline of the TRIPS Agreement

<i>Scope of Coverage</i>	All legally-recognized intellectual property rights (copyright and related rights, patents, industrial designs, trademarks, geographical indications, layout-designs of integrated circuits and undisclosed information)
<i>Relation to Existing Conventions</i>	The TRIPS Agreement incorporates and improves upon protection levels of the Paris Convention (industrial property rights) and the Berne Convention (copyrights). WTO Members who are not parties to the Paris Convention or Berne Convention will thereby be obligated to meet the standards of these conventions.
<i>Basic Principles</i>	<p>The TRIPS Agreement requires national intellectual property regimes to provide MFN treatment (Article 4) and national treatment (Article 3) to the nationals of WTO trading partners. These obligations are excluded from transitional arrangement and have been imposed on developing countries from the effective date of the WTO Agreement.</p> <p>The TRIPS Agreement adopts the national treatment exceptions found in the Berne and Paris Conventions and the MFN exceptions found in existing international and multilateral agreements.</p> <p>Regarding the issue of exhaustion of intellectual property rights (parallel imports), no provisions except national treatment and most-favoured-nation treatment under TRIPS Agreement must be used in dispute settlement (Article 6).</p>
<i>Levels of Protection (Standards)</i>	<ul style="list-style-type: none"> ● In the area of copyrights and related rights, the TRIPS Agreement specifies the protection of computer programmes (protected as literary works under the Berne Convention) and rental rights. ● In the area of patents, the TRIPS Agreement establishes a wide definition of patentable subject matter and requires Members to introduce patent protection for products. As such, it does not allow for the exclusion of pharmaceutical products or foods from patentable subject matter. Protection shall be afforded for at least 20 years from the filing date of the application. The TRIPS Agreement also stipulates strict conditions on authorizing compulsory licenses. ● The TRIPS Agreement contains provisions governing the protection of trademarks, geographical indications, industrial designs, layout-designs of integrated circuits, and undisclosed information. It also contains rules on anti-competitive practices in contractual licenses. ● The TRIPS Agreement obligates signatories to provide the legal means to prevent misrepresentations of geographical indications and requires additional protection for wines and spirits in relation to geographical indication.
<i>Enforcement</i>	The TRIPS Agreement requires that domestic enforcement procedures be fair and equitable. Enforcement against infringement must be conducted via the civil and criminal judicial processes, administrative procedures, including border measures and administrative remedies.
<i>Dispute Settlement</i>	WTO dispute settlement procedures apply to disputes under the TRIPS Agreement. Violations of the TRIPS Agreement may result in the suspension of tariff concessions or cross retaliation through the suspension of WTO benefits in another trade sector.
<i>Transitional Arrangements</i>	<ul style="list-style-type: none"> ● Developed countries had a transitional period of one year from the date of entry into force of the WTO Agreement with respect to the obligation to apply the TRIPS Agreement, except for Articles 3-5; developing countries and transformation countries

	<p>had five years (until January 2000); and least-developed countries had 11 years (until January 2006) (Articles 65 and 66)¹.</p> <ul style="list-style-type: none"> ● Developing countries that did not provide product patent protection were accorded an additional transitional period of five years (ten years in total, until January 2005) for application of the provisions on product patents (paragraph 4, Article 65). The TRIPS Agreement also contains provisions that, from the date of entry into force of the Agreement, required developing countries during the transitional period to: (a) provide a means for filing patent applications for pharmaceutical and agricultural chemical products, and (b) grant exclusive marketing rights for pharmaceutical and agricultural chemical products that are the subject of a patent application under certain conditions (Article 70, paragraphs 8 and 9)². <p>¹ The TRIPS Council decided in November 2005 to extend the transition period for least-developed country Members until July 1, 2013. Furthermore, the TRIPS Council decided in June 2013 to extend the transition period until July 1, 2021.</p> <p>² Paragraphs 8 and 9, Article 70 are the provisions for supplementing the transitional period, notwithstanding the provisions of Part VI of the TRIPS Agreement such as Article 65 and 66. With regard to the application of paragraph 9, Article 70 (granting of exclusive marketing rights for pharmaceutical products), however, the WTO General Council had decided in July 2002 to waive the obligations to grant exclusive marketing rights for pharmaceutical products for least-developed countries until January 1, 2016, with annual reviews on the waivers to be held during this period. As a result of the discussion held during 2015, the waiver of the obligations under both paragraphs 8 and 9, Article 70 was extended until January 1, 2033 (see also “(4) Recent Developments” below).</p>
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3. ECONOMIC ASPECTS AND SIGNIFICANCE

See pages 506-508 in the 2017 Report on Compliance by Major Trading Partners with Trade Agreements - WTO, EPA/FTA and IIA -.

4. RECENT DEVELOPMENTS

WORK IN THE TRIPS COUNCIL

The TRIPS council is a forum for checking implementation of the TRIPS Agreement and compliance with obligations, and discussing issues related to the TRIPS Agreement. It is argued in the regular meetings held three times each year.

At the regular sessions in 2018, discussions were held regarding (1) relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD), (2) intellectual property and innovation, (3) intellectual property and public interest and (4) incentive measures for technology transfer based on Article 66:2 of the TRIPS Agreement. The outline of the above discussion (1) to (4) is described below:

(1) RELATIONSHIP BETWEEN THE TRIPS AGREEMENT AND THE CONVENTION ON BIOLOGICAL DIVERSITY (CBD)

The relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD) is stipulated that the Council intensify the consultation process, consider its progress and take appropriate action at latest by July 31, 2006, in Paragraph 39 of the WTO Hong Kong

Ministerial Declaration. Also it is stipulated in Paragraph 44 that the TRIPS Council continue its work.

At the regular sessions in 2018, developing countries such as India, Brazil, and South Africa, insisted on the importance to secure the fair and equitable benefit sharing from the use of genetic resources as prescribed in the usual CBD and Nagoya Protocol. In order to make the TRIPS Agreement and CBD mutually complementary, they needed the source disclosure requirements of genetic resources and argued the necessity for revising the TRIPS Agreement for profit distribution. They also proposed that the CBD Secretariat should be invited to the TRIPS Council to explain the status of recent discussions including the Nagoya Protocol, and that the WTO Secretariat should update relevant documents.

In contrast, Japan, the United States, and Canada, etc. have repeatedly expressed their opposition since the source disclosure requirements of genetic resources may reduce innovation, and they argued that the WIPO Intergovernmental Committee (WIPO/IGC) on genetic resources is the best forum for this discussion. However, Canada and Australia also approved that the CBD Secretariat will explain the facts on the premise that negotiations would not be predicted.

The chairman recommended informal bilateral consultations as needed.

(2) INTELLECTUAL PROPERTY AND INNOVATION

Intellectual Property and Innovation as an agenda aims to focus on the positive side of the intellectual property rights system by presenting successful cases of utilizing intellectual property rights in the respective countries. The United States has been leading the discussion since the TRIPS Council meeting in November 2012.

The theme for 2018 was “the societal value of IP in the new economy,” and the sub themes for each meeting were “IP-intensive industries and their economic impact on society,” “IP improving lives” and “IP and new business, measures for attracting startups and support”.

At each meeting, the developed countries such as Japan, the United States, the EU, Switzerland, and Australia shared their experiences, knowledge, and initiatives, and also the developing countries such as Colombia and El Salvador shared their initiatives for utilizing intellectual property.

On the other hand, India and South Africa have stated that intellectual property is nothing more than an element for economic development and innovation. They argued that the innovation can be hampered due to monopoly aspect of intellectual property rights, and that an intellectual property system tailored to the degree of development in each country is necessary.

(3) INTELLECTUAL PROPERTY AND THE PUBLIC INTEREST

This agenda was jointly proposed by Brazil, China, Fiji, India and South Africa at the TRIPS Council in June 2017, and it was newly proposed to share the knowledge of each country regarding the compulsory license, Bolar provision and criteria of patentability in terms of intellectual property and the public interest.

In 2018, discussions were held on “Regulatory Review Exception” and “Promoting public health through competition law and policy”.

Brazil explained the importance of the “Regulatory Review Exception” (so-called Bolar provision), which is a measure to prevent the unreasonable extension of the patent period for pharmaceutical patents. However, Japan, the United States, and the EU, etc. stated that the discussion on the exception and the need to secure incentives for the development of new useful

pharmaceutical products should take into account for the pharmaceutical patents.

Regarding "Promoting public health through competition law and policy", India and South Africa, etc. introduced the rules of competition laws in each country, the rules for adjustment with the intellectual property system and the judicial cases for the purpose of showing how the competition policies of each country secure the flexibility of the TRIPS Agreement and contribute to the protection of public health.

In contrast, Japan, the United States, and the EU, etc. insisted on the importance to balance the patentee and the third party in the intellectual property system, and not to interpret the TRIPS Agreement too broadly. They also stated that discussions on competition policies in each country should be conducted outside the TRIPS Council, and they questioned the significance of linking competition policies and public health protection while intellectual property policies and competition policies can be compatible.

(4) INCENTIVE MEASURES FOR TECHNOLOGY TRANSFER BASED ON ARTICLE 66:2 OF THE TRIPS AGREEMENT

On behalf of the Least Developed Countries (LDC) group, Haiti and Central Africa pointed out that the initiatives of developed countries based on Article 66:2 of the TRIPS Agreement did not completely meet the expectations of LDC. They suggested that incentive measures for technology transfer to LDC should be specified and described in the report on incentive measures for technology transfer based on Article 66:2 of the TRIPS Agreement. Furthermore, they argued that the capacity building of beneficiary countries by developed countries is not sufficient as the incentive measures under the Article.

In this regard, the developed countries such as Japan, the United States, the EU and Australia stated that there are various needs for technology transfer in LDC and it is difficult to set uniform incentive measures. They also argued that it was important to improve the environment, including the establishment of the intellectual property system, and pointed out the importance of voluntary technology transfer that was mutually agreed instead of forced technology transfer.

OTHER DISCUSSIONS OF TRIPS AGREEMENT

(1) DISCUSSIONS OF GEOGRAPHICAL INDICATIONS

"Geographical indications" refer to those indications which identify a product predominantly based on its origin within a territory or region of a Member and is associated with a certain quality and/or reputation (e.g., "Champagne" (a wine) or "Gorgonzola" (a cheese)). Under the TRIPS Agreement, geographical indications are protected as intellectual property rights.

Article 22 of the TRIPS Agreement protects geographical indications in general, but allows for products not produced in the geographic region to be labeled as "like" or "style" (e.g., "Gorgonzola type" cheese). However, Article 23 grants powerful legal protection to geographical indications for wines and spirits that does not permit "kind", "like", "type" or "style" forms of labeling. Protection as stipulated in Article 23 is referred to as "additional protection" because it goes beyond the protection afforded under Article 22.

Regarding geographical indications, the Doha Ministerial Declaration of 2001 (Paragraphs 12(b) and 18) provided for: (i) negotiation of the establishment of a multilateral system for the notification and registration of geographical indications for wines and spirits within the framework of the new round (Built-in Agenda); and (ii) the granting of additional protection of Article 23 for geographical indications for products other than wines and spirits. The TRIPS Council was

instructed to report its discussions to the Trade Negotiations Committee by the end of 2002. Although active discussions have been held since then, no significant progress has been seen to date (as of February 2019), as the division of opinion has been significant between the countries arguing for further strengthening of protections, including the EU, Switzerland, and India, and the countries arguing for maintaining the current levels of protection, including the US, Canada, Australia, and New Zealand. For details concerning the development of the discussions, etc., see pages 509-511 in the 2017 Report on Compliance by Major Trading Partners with Trade Agreements - WTO, EPA/FTA and IIA -.

(2) AMENDMENT OF TRIPS AGREEMENT CONCERNING TRIPS AND PUBLIC HEALTH

Based on the Doha Ministerial Declaration of 2001, a decision regarding implementation of paragraph 6 of the Doha Ministerial Declaration on the TRIPS Agreement and public health was adopted at the General Council held on August 30, 2003 concerning specific resolutions related to use of compulsory licenses by developing countries that do not have the capacity to manufacture pharmaceutical products. It was agreed to temporarily waive the obligations stipulated in Articles 31 (f) and (h) of the TRIPS Agreement, making possible the export of pharmaceutical products manufactured through compulsory licensing to developing countries that do not have manufacturing capacity (paragraph 6, System). At the meeting of the General Council held on December 6, 2005, an amendment to reflect the content of the decisions was incorporated into Article 31.2 of the TRIPS Agreement. Its annex and the appendix to the Article were adopted, accompanied by the Chairman's statement, on August 30, 2003.

In the TRIPS Council, the Secretariat reported on the implementation status of decisions mentioned above and the approval status of the protocol based on the annual review of the Paragraph 6 system, which is conducted based on the decisions mentioned above. The TRIPS Agreement revision protocol becomes effective within the Member countries that approved the revision when two-thirds of the WTO Members approve the protocol. The protocol will become effective for other Member countries when each Member approves the protocol. Although the approval period of the initial TRIPS Agreement revision protocol was December 1, 2007, this has been extended repeatedly by decisions of the TRIPS Council after receiving the approval of the General Council. On January 23, 2017, three countries including Liechtenstein, the United Arab Emirates and Viet Nam approved to the protocol, which means that two-thirds of the WTO Members approved it. In response, the revision protocol came into force. Japan already completed the approval procedure in 2007, and therefore the protocol became effective in Japan on that date. Japan was able to implement a system that responds to the revision protocol achieved in the negotiations under its existing Patent Act and other related laws and regulations, so it did not need to revise any laws and regulations at the time of approval.

Taking into account the fact that it would be difficult for all Members that had not yet approved the protocol to do so by the deadline set after the abovementioned repeated extension, namely December 31, 2017, the TRIPS Council agreed to extend the approval period by two years to December 31, 2019. This extension was also approved by the General Council.

(3) CONSIDERATIONS REGARDING OTHER ISSUES

"Non-violation," which has been the subject of dispute settlement under GATT, refers to an action by a Member which, while not violating the Agreement per se, infringes on or nullifies the interest of other Members. The moratorium of application of "Non-violation claim" to the TRIPS Agreement has been extended several times: The Doha Ministerial Declaration of 2001 aimed to

complete it by the 5th Ministerial Conference; at the General Council held in July 2004, it was extended to the 6th Ministerial Conference; in the 6th Ministerial Conference (Hong Kong) held in December 2005, it was extended to the 7th Ministerial Conference; in the 7th Ministerial Conference (Geneva) held in December 2009, it was extended to the 8th Ministerial Conference; at the 8th Ministerial Conference (Geneva) held in December 2011, it was extended to the 9th Ministerial Conference; in the 9th Ministerial Conference (Bali) held in December 2013, it was extended to the 10th Ministerial Conference; in the 10th Ministerial Conference in December 2015 (Nairobi), it was extended to the 11th Ministerial Conference. Although the scope and aspects of a “non-violation claim” have been discussed at the TRIPS Council meetings since then, the gap between those supporting the adoption and those against could not be bridged, and at the 11th Ministerial Conference, it was decided to extend the moratorium until the 12th Ministerial Conference scheduled in 2019.

(4) OVERVIEW OF TRIPS DISPUTE SETTLEMENT

Since the TRIPS Agreement took effect on January 1, 1995 until the end of December 2018, 40 matters have been referred to consultations under the WTO dispute settlement procedures; of these matters, 18 panels have been established (see Chapter 3 of Appendices).

In recent years, Ukraine (DS434), Honduras (DS435), Dominican Republic (DS441), Cuba (DS458), Indonesia (DS467) requested consultations on the Australia’s regulation on packing tobacco products (March, April, and July 2012, and May 2013 respectively). A unified panel was established at the DSB meeting in April 2014, but Ukraine requested suspension of the proceedings for DS434 in May 2015 under Article 12:12 of the DSU and it was completed after 12 months. This measure applies to tobacco packaging as (1) the health hazard warning should be displayed in a prescribed format over a certain area, (2) while prohibiting the use of trademarks, in principle, only brand names and company names are allowed to be entered in the specified background color, font, and location (graphic trademark is prohibited), and (3) the specifications for shape, surface treatment, material, and color are restricted. In this procedure, in addition to the issues under the TBT Agreement regarding aspects as mandatory standards for labeling, packaging, and labels, there were multiple issues under TRIPS agreement regarding aspects as trademark regulations. The specific issues regarding the trademark under the TRIPS Agreement are pointed out as: (1) whether it is contravened Article 6:5 of the Paris Convention which registers and protects the trademark of the origin country also in other countries as it is (Article 2.1 of the Agreement), (2) whether it is an obstacle to trademark registration based on the nature of the goods (tobacco products) (Article 15.4), (3) whether the trademark protection remains a passive right to exclude third-party use, (4) whether it includes the right to use it actively (Article 16.1), (5) whether it violates Article 20 “the commercial use of a trademark must not be unduly hampered by special requirements”..

In this case, a panel report was issued in June 2018, and the panel did not recognize any inconsistencies in any of the issues. After that, two countries, Honduras (DS435) and Dominican Republic (DS441) have appealed and are currently engaged in the proceedings of Appellate Body. For an overview of panel report, see (7) of 2. “Major Cases” in Part II, Chapter 11 (Standards and Conformity Assessment)

In 2018, the United States requested consultation on measures regarding protection of intellectual property rights in China (DS542), the EU requested consultation on measures related to technology transfer in China (DS549), and Qatar requested consultation on measures regarding protection of intellectual property rights in Saudi Arabia (DS567). A panel was established for DS542 and DS567 (Japan participated as a third country).

Until 2000, most of the cases dealt with issues regarding developing countries after expiry their transitional period or those regarding the national treatment and MFN obligations incurred by all the Members at the time the Agreement took effect. Due to the recent intense debate regarding the TRIPS Agreement, fewer matters have been referred to dispute settlement procedures. Japan seek to focus not only on WTO-inconsistent legislation, but also on further improvements in enforcement by actively identifying problems and cooperating with rights holders. Japan will continue to monitor the status of disputes between Members. Japan also believes appropriate measures should be taken to enhance effectiveness of the TRIPS Agreement.