

Intellectual Property Rights: Trends in Global Harmonization

By Kumagai Ken'ichi

As economic activity has become increasingly globalized and borderless, and from the perspective of ensuring seamless trade and investments, a need to globally harmonize systems and implementation of intellectual property rights protections has been recognized. The World Trade Organization (WTO) was established after more than seven years of laborious talks under the GATT Uruguay Round and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was also concluded. As a result, the WTO took on an aspect of coexisting with the World Intellectual Property Organization (WIPO), an existing multilateral forum dedicated to the global harmonization of intellectual property rights.

The TRIPS agreement links more than 120 countries and territories, including developing countries as well as developed nations, and because it delineates a minimum range of protections for intellectual property rights in diverse fields while setting forth basic enforcement rules, the TRIPS accord will undoubtedly play a substantial role in attempts to achieve global harmonization of intellectual property rights safeguards. Even so, harmonization of developed nations' systems has been postponed for the most part under the TRIPS agreement and future issues remain. In the following article I will briefly review trends in global harmonization of intellectual property rights protections and the responses to those efforts, focusing on the TRIPS agreement.

Conclusion of TRIPS agreement and future issues

Under the GATT Uruguay Round and its predecessor, the Tokyo Round, the need to devise international rules

regarding trade in illegal goods in light of the rampant trade in counterfeit products was discussed, but in the end a treaty was not enacted. During the Uruguay Round, which began in 1986 measures stressing protection for intellectual property rights were adopted. The United States' advocacy of attempts to provide and strengthen international rules for the protection of intellectual property rights through multilateral negotiations was incorporated as one of 15 negotiating points, with the cooperation of Japan and the EC and other regions.

During the Uruguay Round talks' initial stages, disputes arose between developed nations that asserted that overall intellectual property rights protections should be discussed, and developing nations, whose position was that there was no authority, or "mandate," to conduct such discussions under GATT. Although debates on each position could not be conducted, discussions on each point were held after the mandate controversy had been shelved.

More than seven years of talks subsequently resulted in the realization of a final consensus on the TRIPS agreement in December 1993. National representatives signed the accord at a diplomatic conference in Marrakesh, Morocco in April 1994, and it came into force in January 1995. The TRIPS agreement includes sections on Basic Principles, Standards, Enforcement, Acquisition and Maintenance of Intellectual Property, Dispute Settlement, Transitional Arrangements, and Final Provisions. The significance of and issues related to each facet are described below.

First, the TRIPS agreement stipulates "National" and "Most Favored Nation" Treatment as its basic principles. Of these two, the existing Paris Convention for the Protection of Industrial Property and the Berne

Convention for the Protection of Literary and Artistic Works served as Basic Principles for National Treatment, but existing agreements related to the protection of intellectual property rights were not deemed to be the Basic Principles in the case of Most Favored Nation Treatment.

Apparently, it was thought that national treatment guaranteeing safeguards of intellectual property rights would ordinarily prevent the occurrence of special problems. However, there have been instances in which certain countries granted benefits only to specific countries while not granting them to their own citizens, and this has caused problems from the standpoint of offering non-discriminatory safeguards of intellectual property rights. The future elimination of such behavior through the enactment of the TRIPS accord is one significant implication of the agreement.

Second, the TRIPS accord possesses great significance because it stipulates extremely meticulous criteria for protection of overall intellectual property rights (standards), guaranteeing member nations a certain level of safeguards. Most of these standards are designed to broadly improve levels of protection for intellectual property rights in developing countries, as represented by patent terms of at least 20 years from the date of filing in all technology sectors, including pharmaceuticals, food products, and chemical substances, when implementing patent protection. However, it also has implications from the perspective of intellectual property rights safeguards in developed nations in that it contains measures targeted at modification of the statutes contained in Article 104 of the U.S. Patent Law (35 USC) to prevent discrimination based on an invention's place of origin.

Third, the TRIPS agreement stipu-

lates enforcement rules and also possesses great import from the standpoint of practical enforcement procedures in member nations. However, reflecting the differences in member nations' judicial systems, only the basic rules for enforcement procedures are stipulated. As such, it is expected that more substantive enforcement regulations will be drawn up internationally in future to ensure the efficacy of enforcement procedures related to intellectual property.

Further, the TRIPS accord sets forth detailed rules regarding customs clearance of items which infringe upon intellectual property rights. These possess great significance because they are designed to prevent the abuse of customs declarations, a problem related to Section 337 of the U.S. Tariff Act (19 USC), at the same time guaranteeing impartial processing. However, among intellectual property rights, member nations are only obliged to acknowledge trademark and copyright owners' rights to petition to halt the passage of infringing items through customs under TRIPS. As such, because member nations are not required to recognize applications from intellectual property right owners other than those received from trademark and copyright holders, others rights owners have no recourse but to depend on customs authorities to prevent the clearance of counterfeit goods.

While conducting searches for every article that infringes upon intellectual property rights could conceivably involve considerable difficulty, it is to be hoped that appropriate customs supervision can be exercised to offer adequate protections for intellectual property other than trademark and copyright rights.

Fourth, the TRIPS accord also possesses great significance regarding enforcement procedures related to intellectual property rights such as patents, which require formal procedures for rights acquisition, because it stipulates a "reasonable" period of time for formalities related to the acquisition of intellectual property rights. These regulations were established to eliminate

abusive, lengthy procedures and are seen to target Japan, whose formalities have long been deemed overly long. Certainly, it is a problem from the standpoint of offering adequate rights safeguards when procedures for acquisition of intellectual property rights are overly lengthy and, moreover, in cases when there is no logical reason for the length of time. However, trouble inherent in individual applications, that is, problems with the filer's actions, not only systemic or implementational problems, could conceivably factor into lengthy formalities.

Under the TRIPS agreement an unreasonably long review period is seen to be more of a problem than systemic or implementational issues. As such, Japan's national Patent Office has demonstrated results in reducing the duration of administrative procedures by adopting various systemic and implementational measures intended to curtail formalities, and it is important that applicants who have proceeded correctly enjoy the benefits.

Fifth, because intellectual property rights dispute settlement rules have been established under the TRIPS accord it is anticipated that solutions will be quickly achieved even in cases involving disagreements that arise over interpretation of the TRIPS agreement. Along with the uniform dispute settlement procedures that will be applied under the accord, unilateral measures are banned, so it has the effect of countering Section 301 of U.S. Tariff Act and expectations are that disagreements will be resolved rationally and effectively under the agreement.

Sixth, developing nations' implementation of the TRIPS accord has been given consideration through the adoption of interim measures during the preparatory period for member nations from the time when the WTO agreement comes into force and TRIPS is implemented. Under these transitional arrangements, developing nations are accorded a five-year grace period (10 years for industrial property patents), the countries of the former Eastern Europe five years, and least-developed

countries 11 years. However, some developing nations are not waiting for the transitional period to elapse before implementing all systems, and instead are putting transitional systems in place when possible.

Seventh, the establishment of the Council for Trade-Related Aspects of Intellectual Property Rights is stipulated as the final provision of the TRIPS accord. The council will monitor the implementation of the agreement (particularly member nations' compliance with their obligations under the pact), afford members opportunities to consult on matters related to trade-related aspects of intellectual property rights, and carry out other responsibilities assigned by members (especially support requested by members in the context of dispute settlement procedures). As such, the Council will have an important part in reviewing the agreement's rules and studying the progress of its implementation not only before, but following its enactment.

As can be seen, the TRIPS accord will play quite a substantial role in promoting the global harmonization of intellectual property rights, but problems remain.

For one, mutual harmonization of developed nations' systems has been tabled for the most part and entrusted to discussions within the WIPO. As I will explain below, while the WIPO talks are currently deadlocked discussions regarding harmonization of bilateral systems are proceeding and it is anticipated that they will result in guarantees for TRIPS member nations under the MFN treatment principles that serve as the TRIPS pact's basic tenets. High praise has been received on this point as well the bilateral patent office accord concluded by the Intellectual Property Working Group of the Japan-U.S. Framework Talks. Regrettably, however, although Japan has implemented the agreement in its entirety, the U.S. has failed to implement some aspects, including the introduction of an early disclosure system, and it is hoped that the U.S. will implement the full agreement as quickly as possible.

A second issue involves developed nations' cooperation in implementing less developed nations' systems. Provision of these systems will require logistical support from developed nations in terms not only of materiel, but personnel development as well. Developed nations will be called upon to make unstinting efforts in this area.

WIPO discussions and future issues

In 1985 the WIPO began negotiations to enact the Patent Law Treaty, designed to harmonize national patent systems with respect to a wide range of matters, including many substantive regulations, such as adoption of the 'first to file system.' Subsequently, "Committees of Experts" met 10 times until 1990 and the first official conference was held in 1991. However, due to domestic opposition to the shift to the first to file system in the U.S., a date has yet to be set for a second diplomatic conference and the talks themselves were discontinued while the direction TRIPS negotiations in GATT would take was watched.

Following the enactment of the TRIPS accord, it was agreed at a May 1995 meeting of the WIPO Coordination Committee to discuss the global harmonization of matters related to patent system formalities, a topic upon which it was thought consensus would be relatively easily achieved with a view to maintaining the momentum of discussions designed to harmonize international patent systems. After approval was then obtained in the Governing Bodies of WIPO in September that year, it was decided that a Committee of Experts would be convened to conduct discussions based on a draft treaty prepared by the WIPO Bureau. This draft treaty had been drawn up from the standpoint of making it more convenient for users by encouraging the simplification of documentation and procedures and international harmonization.

The draft treaty's content conforms to the WIPO Trademark Law Treaty con-

cluded in 1994. That is, signatory nations would only be able to have applicants comply with formal requirements stipulated within the scope of the draft treaty and could not compel petitioners to submit to optional requests not set forth as formal requirements in the treaty; in other words, stipulating the principle of "maximum requirements." The experts committee has convened three times to date, adding items to the draft convention and conducting positive debates.

To further promote international harmonization of patent systems the global harmonization of many substantive regulations, including moving toward a uniform 'first to file system,' would be preferable. The reality, however, is that it would be difficult to bring this about immediately. This being the case, because the next best approach that would be extremely desirable for applicants who use the system would be to attempt to harmonize formal requirements internationally and seek adequate levels of deregulation, the experts committee will conduct lively debates from here on and it is hoped that an official conference will be held as soon as possible.

The WIPO has also given consideration to copyright protection, but the Berne Convention for the Protection of Literary and Artistic Works, the benchmark agreement on copyrights, had not been revised since it was amended in 1971. As such, at the 1989 Assembly of the Berne Union, bearing in mind that various problems related to the scope of the convention's application had arisen, it was agreed that a committee of experts would be established to deliberate and draft a Berne Convention protocol, encompassing a new worldwide copyright system, with the goal of supplementing and improving the convention. The experts committee then met from 1991 onward, reviewing forms of protection for future copyrightable materials. In 1992, the Assembly of the Berne Union also agreed to establish a separate committee of experts to study an instrument for protecting the rights of performers and record producers and

discussions designed to draw up minimum standards of protection for the rights of performers and record producers have been conducted since 1993.

Then, at meetings held in December 1994, the two expert committees recommended that proposals on matters for future discussion be requested from member countries. At committee meetings held later, lively discussions of specific draft texts submitted by various countries in response to the recommendation were conducted in both committees in preparation for the enactment of a new convention. As a result, it was decided at a preparatory committee meeting in May 1996 that a diplomatic conference on copyrights and neighboring rights would be held December 2 to 20, 1996. The draft convention consists of administrative and final treaty regulations, and proposed actual rules for a treaty governing protection of literary and artistic works, regulations concerning a treaty to protect the rights of performers and recording artists, and rules for a convention on intellectual property rights related to databases. Each substantively increases the levels of protection offered by the current Berne Convention, not merely expanding them, but, depending on the item, substantively increasing and expanding the levels of protection in the TRIPS accord. Particularly regarding database protection, it is noteworthy that discussions have taken into account not only treatment that is unclear under the existing Berne Convention, but the enactment of EU directives regarding the issues of protection for and handling of "non-original" databases and the attention given to judicial precedents in the U.S. JJI

Kumagai Ken'ichi is Assistant Professor of Kyushu University Legal Faculty and author of Study about Intellectual Property for Biological Production, Nippon Nogekagaku Kaishi, Vol. 70, No. 8, pp. 918-919, 1996, and co-editor of Intellectual Property Law (11th edition), Yuhikaku Publishing Company, 1996.