

**“Realising a Balanced and Effective System
of Intellectual Property Protection
within the World Trade Organisation”**

Australian Chamber of Commerce and Industry

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Commerce House, 24 Brisbane Ave, Barton ACT 2600 • PO Box E14, Kingston ACT 2604
Australia

Telephone: 61-2-6273 2311 • **Facsimile:** 61-2-6273 3196 • **Email:** acci@acci.asn.au



Summary of Recommendations

Australian commerce and industry:

. endorses the cautious and moderate approach adopted by the Australian Government on calls for extensions to the current arrangements for protection of **geographical indicators**. Any movements in our national stance and obligations should only take place through the WTO TRIPs system, and not bilateral or regional agreements;

. shares the views of the Australian Government that the existing TRIPs Agreement is adequate for the protection of **indigenous intellectual property and traditional knowledge**, while seeing considerable merit in strengthening the exchanges of information on national experiences.

However, insofar as substantial and significant legal gaps can be shown to be present in the TRIPs Agreement on such matters, then the Australian Government should engage actively in such talks or formal negotiations, recognising the unique nature of Australian indigenous cultures, and their commercial and economic value;

. supports the Australian Government's approach to the **patenting of genetic resources** under the TRIPs Agreement, namely much more investigation and careful consideration of the underlying issues is required, and that appropriate action may be more effectively taken at national legislative and policy-making levels than through formal amendment to the TRIPs Agreement;

. supports further careful consideration of the operation of **non-violation issues**, in particular within the WTO dispute settlement mechanism, by the TRIPs Council. The Australian Government should be intensively engaged in such discussions;

. considers **patent priority** to be an important issue in any robust multilateral system of TRIPs, and would support further discussions within the TRIPs Council of the relative merits and implications of the competing approaches; and,

. abhors the practices of 'cybersquatting' and 'reverse hijacking' in obtaining **Internet domain names**, seeing merit in a 'legitimate use/direct connection' approach within international and national regimes in the allocation of domain names to those holding registered and relevant trademarks.

Glossary of Key Terms

Copyright	Legal protection for the original expression of an idea, but not of the ideas themselves
Industrial Designs	The ornamental aspect or visual appearance of an article that is produced in quantity, which does not
IP	Intellectual Property: ideas, inventions and creative expressions
IPRs	Intellectual Property Rights: legal protection for intellectual property
Patents	A form of protection for a clearly identified, novel and useful invention, which prevents other persons from producing or selling the product without the consent of the patent holder.
Trade Marks	Signifiers of commercial reputation, such as word, sound, logo, picture, packaging or combinations thereof
Trade Secrets	Undisclosed information, which are generally covered by laws of contract and confidence rather than statute
Berne Convention	deals with international protection of copyright
Paris Convention	deals with international protection of industrial property rights
Rome Convention	elaborates on Berne Convention, in relation to copyrights of performers (musicians, actors)

Introduction

Intellectual property is an increasingly important element of international trade and commerce, both of itself and as an embedded part of more elaborately transformed manufactures and services. Such is also the case for Australia, as our trade profile continues to move away from commodities towards manufactures and services.

The international legal and regulatory framework governing the trade in ideas (intellectual property-based manufactures and services) has for more than a century taken the form of a number of discrete multinational agreements, the Paris and Berne Conventions, and more recently the Rome and Budapest conventions. However, these agreements suffered from a number of notable shortcomings, including the extent of their coverage and membership, and adherence and enforcement.

The World Trade Organisation sought to remedy some of these shortcomings through the negotiation during the long-running Uruguay Round of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), taking into account views on the various existing conventions and the experiences of the World Intellectual Property Organisation (WIPO).

However, the TRIPs Agreement is an evolving document, and the Doha Round of WTO negotiations launched in November 2001 contains a mandate for further negotiations on intellectual property issues within the WTO system.

This paper addresses a number of these issues – geographical indicators; indigenous intellectual property and traditional knowledge; patenting biotechnology; non-violation dispute settlement; patent priority; and, internet domain names and trademarks - from the perspective of Australian commerce and industry.

The Concept of Intellectual Property

Intellectual property (IP) is, ostensibly, an intangible asset, involving legal rights in creative and inventive activities, or signs, marks, words or symbols that are used to differentiate products in a marketplace.

Intellectual property and related rights can be broadly divided into three main groups within the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPs) Agreement and other international instruments covering IP: industrial property; copyrights; and, trade secrets.

Industrial property represents legally registered rights, such as industrial designs, patents, trade-marks and geographical indications or appellations of origin. Copyrights are generally unregistered, but have automatic protection against unauthorised copying and reproduction, and are often associated with literary, visual and performance arts, broadcasts and computer software. Trade secrets have some legal protection, usually under domestic laws covering fair trading and breach of confidence.

The common thread of all IP is that it is an intangible which has commercial and economic value to the generator of the IP and/or holder of the intellectual property rights (IPR), which requires defence against mal-appropriation by a third party who does not have legitimate legal access to the IPR.

However, such considerations have to be viewed within the broader economic and social context in which such innovation takes place. In reality, very few innovations are completely original or unique, and do not owe some part of their genesis to some prior idea or innovation by someone else, and quite often the innovator has drawn on social resources (such as public financial subsidy or support, for example public education) to contribute to the innovation process.

Quite often, intellectual property protection is about finding the appropriate balance, in principle and in practice, between private commercial and public social benefits from innovation, and between the benefits of technological advancement and the costs associated with anti-competitive nature of intellectual property protection (arising from the conferred ‘monopoly on knowledge’).

The Commercial and Economic Framework

The foundation for the protection of IPRs is reasonably straightforward: it is about defending the intangible investment of intellectual effort.

Given the potential for such intangible investments to be copied or imitated by competitors, the absence of effective IPRs would encourage ‘free-riding’ or exploitation of the IP by persons who did not contribute to its realisation, and thus deter the creation of new IP through research and development.

Looked at another way, the absence of IPRs would discourage research and development, and thus technological advances at potentially substantial commercial, economic and social costs.

However, there can be commercial and economic costs associated with an inappropriate IP regime, such as creating a ‘monopoly on knowledge’ (impairing the capacity of other innovators to undertake research and development in the product area), which in turn can impede potential competing innovative efforts and competition in that product market.

IPRs attempt to find a suitable balance between the entitlement of the innovator to reward for their efforts, with the interests of society in the application and dissemination of new knowledge and access by other innovators to the ideas of those who came before them.

Taken as a whole, there is no ‘one size fits all’ solution to these issues, with the trade-off and better outcome being circumstantial – between products, markets, and countries.

However, it should be realised many innovators and producers freely choose to operate outside the IPR system, for rational commercial, economic and legal reasons, often reflecting concerns at the ‘costs of transparency’ associated with IP registration systems.

Strategies adopted by such players include research, development and production in secret, pursuing ‘first mover advantages’ (that is, developing innovative products and improving them ‘two steps ahead of the competition’), and designing and building-in characteristics which confound efforts by competitors to ‘reverse engineer’ innovation.

Nevertheless, for a great many individuals and enterprises actively engaged in research and development, effective IPR systems are essential to their commercial activities and prospects.

Empirical research has identified a range of responses by commerce and industry around the world to the role and utilisation of opportunities for IP protection; the demand for IP protection may not be as pervasive as some policy makers believe.

For example, manufacturers of complex engineering products often make less use of **patent protection** than may have been expected. This situation often reflects the considerable difficulty involved in ‘reverse engineering’ more complex products and the costs in reproducing the relevant product. However, there are some notable exceptions such as pharmaceuticals, and toys and games where relatively low imitation costs necessitate usage of patents.

Some producers adopt a market strategy based on secrecy as a means of protecting their IP (avoiding mandatory disclosure of critical information, as required for the granting of patents) and pursuing overwhelming leadership in a market they have created. In short, they avoid revealing secrets in patent disclosures, and seek to 'remain one step ahead' of competitors and imitators by further innovation.

Further, given legal defence of a patent is the primary responsibility of the patent holder, which often can be a small business, the 'costs of transparency' required in obtaining a patent and potentially substantial legal costs of pursuing legal defence thereof work to discourage smaller firms from using this avenue.

The underlying motivation for the protection of **industrial designs** is to prevent 'free-riding'. That is, an imitator developing a close-copy of the industrial design that is marginally different, but still distinguishable, from the original design. The challenge, however, becomes setting appropriate criteria and thresholds for determining novelty and/or originality.

Particular problems emerge in applications for the protection of functional designs, that is designs constrained by the functions they are expected to perform. Such considerations are particularly important in aerodynamics (for example, wing and body shapes in aircraft) and hydrodynamics (shapes of boats and ships, and their propellers).

The challenge often involves determining when protection of industrial designs needs to extend beyond visual appearance to encompass certain functional characteristics (that is, 'it looks the same, but has a different function').

Copyright is intended to protect a broad range of works, ranging across literature, painting, music, film and computer software, and is generally the most commonly understood form of intellectual property. The primary motivation for copyright protection is to allow the inventor to obtain a reward for their intellectual endeavour.

The absence of effective copyright protection would profoundly set back research and development, and through this the creation and promulgation of IP, and commercial and scientific progress.

Quite simply, few, if any, in business or individuals would undertake the necessary financial and other expenses of research and development if third parties, who made no contribution to the original effort, were able to quickly capture even some of the benefits.

Trade marks have something of an ambivalent place in the IP area, being more a marketing device than a representation of intellectual property. This occurs because trade marks are generally used to differentiate otherwise similar goods, and to convey messages to consumers concerning the branding and qualities of the products to which the mark is attached.

However, trade marks share with other IPRs the desire to prevent ‘free-riding’ by potential competitors and imitators. In essence, a firm has invested in building its reputation through quality control and marketing initiatives, and quite reasonably wants to protect this standing in the market with a distinctive trade mark.

A number of the more contentious issues on the international trade policy agenda involving IPRs revolve around trade mark matters, most notably the strong demand by the European Union for greater IP protection for geographical indications, and by some United States’ firms for the convergence of recognised trade mark names and similar or identical internet domain names.

Trade secrets (sometimes known as undisclosed information) have something of an ambivalent place in IPR regimes, generally not subject to statutory protections but reliant on enforcement under common law arrangements (for example, laws of contract and confidence, as is the case in Australia). Trade secrets are given only light treatment within TRIPs.

A trade secret is information that has commercial value, which the holder seeks and makes reasonable efforts to keep secret. It can take the form of technological, marketing or other business information providing competitive advantage to the holder. Indeed, it is not uncommon for business persons to adopt a robust trade secrets approach as a preferred method of IP protection to alternatives such as patents, which can be criticised for their mandatory disclosure requirements.

Early International Agreements

International co-operation on IPR can be traced back more than 170 years to the early nineteenth century in Europe, although the modern international legal regime has its foundations in the Paris Convention (1883) which deals with industrial property (such as designs, patents and trade marks), and the Berne Convention (1886) on copyrights.

More (non-WTO) recent international agreements in the IP area include: the Rome Convention (1961), dealing with recording of performing arts; the Budapest Convention (1977), on patent procedures for micro-organisms; and, the Washington Treaty (1989), which addresses integrated circuit layout designs.

Participating governments to the Paris and Berne Conventions established in 1893 an International Bureau to deal with administration, co-ordination and monitoring matters, which subsequently became the World Intellectual Property Organisation (WIPO), an agency within the United Nations system. WIPO currently has administrative responsibility for the Paris, Berne and Rome Conventions.

The need for international co-operation on IPR is self-evident: IPR protection within national boundaries is likely to have little impact on preventing replication abroad unless comparable protections are provided by other countries. Other advantages of international co-operation include providing both domestic residents and foreigners with equal entitlements, and making easier and standardising approaches to IPR applications and protections across national jurisdictions.

Different Interests

Not surprisingly, different countries have different interests in the nature and degree of rigour and substance of international and national IPR regimes.

Conventional thinking often holds developing countries, generally being IP importers, have a broad interest in either weak international IPR regimes and/or ignoring multilateral arrangements, as this enables them to copy or imitate IPR protected goods both for domestic consumption and even export, and as a means of industrial development.

Industries and sectors seen as particularly vulnerable to copying or imitation include pharmaceuticals, chemicals, media and entertainment, and information technology.

Economic studies by both academics and international organizations, such as the OECD and the World Bank, have highlighted how a number of East Asian countries 'kick-started' their own industrial development by pursuing copying/imitation strategies, with some of the current generation of developing countries holding that such options should be open to them.

Australia's interests straddle both those of an IP importer and an IP exporter.

On the one hand, Australia imports significantly more than it exports in the great majority of product groups reliant in IP, reflecting our traditional reliance on exporting primary commodities and importing elaborately transformed manufactures (the latter of which generally having a higher IP content than the former). In effect, a developing country trade profile.

On the other hand, structural changes, both organic and policy-driven, over the past twenty years, in particular but not only trade liberalisation, has seen a shift in our commercial, economic and trade profiles towards more IP-based products, as well as services – for example, processed foods and related value-added products such as wines. As an increasing exporter of IP-based products, Australia's interests are tilting increasingly towards those of developed countries.

An effective and harmonised international system of IP laws and protection will assist Australian exporters of higher value-added products and services, in particular those higher technology companies (often smaller firms) who derive substantial earnings from the licencing of exported technologies.

International copyright protection allows Australia's cultural sector (music, and the visual and performing arts) and patent protection allows higher technology firms in agricultural and pharmaceutical sectors, for example, to export with confidence that their IPR is being protected.

The Australian Department of Foreign Affairs and Trade (DFAT) summarised the costs to Australian exporters of inadequate, or absent, IP protection:

“Inadequate levels of IP protection and poor IPR enforcement have impaired trade and investment opportunities overseas for Australian companies. The experience in promising markets has often been once-bitten, twice-shy; when a company strikes problems with obtaining or enforcing its IPRs in a new market, its future approach naturally tends to be more cautious, and it is likely to scale back its exposure, for instance by avoiding major investment or trading in more dated technologies.”¹

¹ DFAT (2000), at 8

The conduct and interests of **developing countries** played an important motivational and substantive role in the negotiation of the TRIPs agreement, given most developing countries were not party to the then prevailing Paris, Berne and Rome Conventions. Quite simply, TRIPs was intended to introduce and/or strengthen IPR enforcement in developing countries, especially those in East Asia and Latin America.

Particular infringements by developing countries of concern to developed country producers included the production and export of sound and video recordings, and books and computer software which breached copyrights, and misapplication of trade marks for fraudulent upmarket fashion products (clothing, accessories, jewellery etc). Breaches of patents were less pervasive and serious, as most developing countries lacked the necessary advanced production facilities and related technical knowledge.

Not surprisingly, many developing countries expressed concerns at the potential implications of the TRIPs agreement, largely for two reasons: stronger IPRs would lead to greater remittances of IP-usage revenues (national income transfers) from poorer developing to richer developed countries; and, stricter enforcement regimes could reduce the flow of technological knowledge to lesser developed countries.

Experience post-entry-into-force of the TRIPs agreement does not generally appear to have borne out these concerns for previously legitimate transactions, although there may be some exceptions regarding pharmaceuticals and new plant varieties. However, developing countries do appear to have suffered revenue losses associated with previously illicit or IPR-contrary activities.

If anything, experience and research has shown robust IPR regimes can encourage foreign direct investment, and related IP transfers, to developing countries. Insofar as developing countries see weak IPR regimes, or domestic arrangements which condone IP violations, as pro-development strategies, then they may be misguided.

The better approach would be for developing countries to adopt and enforce strong IPR regimes, which in turn have a positive, attractive effect on foreign investors and IP rights holders, complemented by targeted foreign aid programs and more liberal access to developed countries markets.

Trade-Related Aspects of Intellectual Property Rights (TRIPs)

The fundamental objective of the WTO TRIPs Agreement is set down (at Article 7) as being to "... contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations."

The TRIPs agreement entered into force in January 1995, and was one of the more important outcomes of the WTO Uruguay Round of trade and investment liberalisation negotiations. As a foundation member of the WTO, Australia committed to full compliance with all of the provisions of TRIPs from 1 January 1996, which it has done.

The main characteristics and objectives of the TRIPs agreement include: establishing of minimum standards of IPR protection within the national systems of WTO members; establishing standards for the administration and enforcement of IPRs; creating a transparency mechanism (most notably requiring each WTO member to provide details of their national IP laws, and answer questions regarding their IPR systems); and, creating a predictable, rules-based system for the settlement of disputes on IP-related trade issues involving WTO members.

In structural terms, beyond the preamble, the TRIPs agreement is structured in seven parts: Part I establishes the objectives and key principles of the Agreement, for example, national treatment and most favoured nation which apply across the WTO system; Part II sets down detailed standards on substantive intellectual property law, across the main categories such as copyright, trademarks, and industrial designs; and, Part III contains detailed provisions governing IP enforcement, both in broad principle and in civil and criminal procedure.

Part IV deals with effective and fair administration of IPRs, setting down standards on timeliness and procedural fairness; Part V contains a mechanism for transparency in national IPR systems and the place of IP within the broader WTO dispute settlement mechanism; Part VI provides for a range of transitional arrangements, in particular implementation of TRIPs commitments in domestic laws; and, Part VII defines the role and function of the TRIPs Council within the WTO system.

In many respects, TRIPs is a codification and consolidation of several pre-existing institutional and legal practices covered by prior international agreements on IP matters, such as the Paris, Berne and Rome Conventions, and Washington Treaty.

However, the TRIPs agreement expanded or extended a number of international IPRs, in particular: setting the minimum term of 20 years for patents, and the minimum copyright protection term for performances and sound recordings to 50 years; mandating the protection by copyright of computer programs, and of new varieties of micro-organisms by patents; and, requiring Member States to develop legal systems for protecting trade secrets from unfair disclosure, within a framework of fair competition.

The TRIPs agreement had very few direct, legislative implications for Australia, as most of the principles and requirements were already in place within our IP laws and enforcement regime before its entry into force. The only legislative amendment of any note was the (marginal) change in the period of coverage of patent protection from 16 to 20 years.

TRIPs and Developing Countries

The TRIPs agreement permitted transitional arrangements for developing countries and economies-in-transition (from former central planning regimes to market economies), who were allowed a five year phase-in period (which ended on 1 January 2000).

For the world's least developed countries, as defined and identified by the United Nations, the transitional period is 11 years, that is until 1 January 2006, although extensions of time are possible upon soundly based request.

The inclusion of developing countries in the TRIPs agreement was intended to overcome their comparatively low level of participation and compliance with key international IP agreements. Before the entry into force of TRIPs, many developing countries were reluctant to join international IP agreements, or where they were nominally party to WIPO agreements, they did not effectively enforce them.

Indeed, it can be said the driving force behind TRIPs was a well-founded concern by developed countries, and in particular IP exporters, that the then-existing system of international IP agreements was ineffective in combating IPR violation. As observed, there were serious gaps in the national membership, and the compliance with, WIPO and other IP protection agreements.

While developing country contracting parties to the TRIPs Agreement acquired additional obligations in the area of IPR, accession² also had a number of advantages, most notably mandating the creation of national IPR regimes where none previously existed and providing defences within the WTO system against unilateral trade retaliation against developed country-IPR exporters (in particular, the European Union and the United States) for alleged breaches of IP protection.

WTO TRIPs, and WIPO

The relationship between TRIPs and WIPO is also worth setting down, given the potential for confusion about their relative roles and responsibilities.

The TRIPs agreement inherited most, but not all, of the main provisions of the Paris, Berne and Rome Conventions, and the Washington Treaty. WIPO administers a number of IP-related international agreements not covered by TRIPs, such as the Patent Co-operation Treaty, the Madrid agreement on international registration of trademarks, and the Hague agreement on the international registration of industrial designs.

The WTO and WIPO have entered into two co-operation agreements to avoid confusion and/or duplication in their respective activities, the first of which (entered into in 1996) deals with the treatment of intergovernmental organizations operating under the Paris, Berne and Rome Conventions, and the notification of laws and regulations, and the second (in 1997) regarding capacity building and technical assistance to developing countries.

Enforcement of IPRs

One of the most important contributions of the TRIPs Agreement to the defence of international IPRs is its enforcement provisions, which build on two key pillars: first, the setting down of guidelines for effective domestic enforcement of IPRs by Member States; and, second dispute settlement between WTO Members on IPR matters.

The TRIPs enforcement regime contrasts with those under the WIPO umbrella, which was seen to suffer from two key failings in the enforcement area: it allowed for failure by member countries to provide for effective IPRs; and, it did not have any practical mechanism for resolving international trade-related disputes involving intellectual property.

² the TRIPs agreement is part of the broader Single Undertaking required of all WTO members, meaning membership is mandatory

These shortcomings in the WIPO system were highlighted by its inability to act during the 1980s, a period which saw greatly increased prevalence of trade in counterfeit trademark and pirated copyright goods, exploiting greater availability and take-up of more innovative replication technologies.

Practical problems experienced by IPR holders included lack of effective remedies (for example, fines were set too low to deter those breaching IP laws), difficulties in obtaining and enforcing court orders, and lack of awareness by regulators and enforcement agencies of international IP obligations.

Part III of the TRIPs Agreement deals with enforcement issues. Under the General Obligations provision on enforcement (Article 41) of the TRIPs Agreement, WTO Member States are required to provide effective and timely remedies to prevent infringements. Such measures should be fair and equitable, and not unnecessarily complicated or costly, and be available to domestic and foreign IPR holders.

The TRIPs Agreement provides aggrieved IPR holders with access to civil (Article 42) and administrative (Article 49) judicial processes, and provides for remedies such as injunctions (Article 44), compensation for damages (Article 45), and confiscation and disposal of improper goods (Article 46).

State-to-State disputes on IPR matters are also subject to the broader WTO Dispute Settlement Mechanism (DSM), which operate under stricter time limits, and provide for greater automaticity in the adoption and implementation of decisions by dispute panels than previous dispute settlement procedures.

Subject to obtaining authorisation under the WTO DSM system, a Member State can impose calibrated trade sanctions against another Member State for violation of their WTO obligations under the TRIPs agreement.

However, the TRIPs Agreement has not been a complete panacea to contraventions of IPRs around the world. As the Australian Department of Foreign Affairs and Trade has observed:

“Ultimately, the deep systemic problem of intellectual property piracy and counterfeiting in export markets can only be effectively tackled through a combination of close attention to the formal TRIPs standards, and active co-operation and co-ordination of enforcement efforts between governments.”³

³ “Enforcement of Intellectual Property Rights”, www.dfat.gov.au/ip/enforcement.html

Nevertheless, while concurring with this sentiment, commerce and industry remains convinced that the TRIPs Agreement constitutes a necessary foundation for effective IPR protection around the world.

Continuing Issues in International Intellectual Property Protection

While the TRIPs Agreement made constructive progress in consolidating, codifying and making more transparent a number of aspects of the international regime for IP protection, and its linkages with international trade and commerce, a number of matters remain outstanding both in terms of unfinished and still-to-be addressed business – the so-called ‘built-in’ agenda.

These include: the treatment of geographical indicators, and of indigenous intellectual property and traditional knowledge; the patenting of biotechnology; the place of non-violation disputes within the TRIPs Agreement; patent priority between jurisdictions; and, the relationship between Internet domain names and well-known trade marks.

. Geographical Indications (GIs)

The TRIPs Agreement defines geographical indications (GIs) as a characteristic identifying “... a good originating in the territory of a (WTO) 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.*” (Art. 22.1: emphasis added).

However, and quite importantly from a practical point of view (especially of those producing similarly identified products), the WTO definition of a GI is applied in different ways amongst WTO members, depending in large part on how the relevant term is used in each market.

The most commonly used example is the treatment of the term ‘champagne’ (a sparkling alcoholic beverage), which is protected as a GI in Europe based on its inherent reference to the eponymous wine-producing region of France, while it is regarded as a general descriptive term in other countries, such as the United States.

In Australia, the use of the term ‘champagne’ was regarded as a descriptive term, although a bilateral agreement between Australia and the EU has seen its status change to that of a GI and thus to be phased out.

At present, the TRIPs Agreement provides two levels of protection for GIs. First, most GIs are provided with general protection which requires WTO members to provide legal mechanisms for tackling deceptive or misleading use of GI terms (analogous to a form of consumer protection).

However, each country has discretion in determining what GIs are protected within their jurisdiction, meaning what may be accepted as a GI in one WTO member may be regarded as a descriptive term elsewhere (as the champagne example, above, highlights). The EU and some central European countries have sought mandatory application of GIs, and the ending of discretion to regard them as descriptive terms.

Second, the TRIPs Agreement provides a higher form of GI protection for wines and spirits, and there is no requirement to show the use of the GI was misleading. As such, the level of protection extends beyond deceptive or misleading labelling and can afford the producer an exclusive right which denies use of the term by other traders even when it would not mislead the consumer. For example, an Australian wine-maker could not market a product described as ‘Bordeaux-style wine, product of Australia’.

A number of countries, most notably, the EU have called for a substantial widening of the reach of GIs to cover, for example, dairy products (such as Pecorino, Romano, Roquefort and Stilton Blue cheeses), beverages (Pilsener beer and Gloucestershire cider) and meat products (Proscuitto of Parma and Huelva Ham), while India has sought its application to a range of products (basmati rice, Darjeeling tea, and alphonso mangoes).

The EU has also indicated a desire to protect terms beyond GIs, such as mandatory protection for ‘traditional expressions’ (such as ‘vintage’) and the names of ‘certified specific character’ (such as ‘mozzarella’).

A number of countries, such as the United States, Australia, Japan and some Latin American nations have expressed concerns at these approaches, while seeing merit in a multilateral register for wine and spirit GIs which would also act as a clearing house for information on the use of GIs in WTO member countries.

Australia, along with a large number of other countries (Argentina, Canada, Japan, New Zealand, Taiwan and the United States) has resisted the EU proposals, arguing, *inter alia*, they would constitute undue costly administrative and compliance burdens on members, create uncertainty between WTO Members (reflecting the lack of common understanding of the definition of GIs), and are not persuaded existing arrangements are not adequate for the expanded purposes sought.

Australian commerce and industry endorses the cautious and moderate approach adopted by the Australian Government on calls for extensions to the current arrangements for protection of geographical indicators. Any movements in our national stance and obligations should only take place through the WTO TRIPs system, and not bilateral or regional agreements.

Indigenous IP and traditional knowledge

Indigenous and local communities in a number of WTO countries are giving greater attention to the TRIPs Agreement as a means of strengthening their control over their cultures and traditional knowledge, and for realising the commercial benefit of that control.

For example, copyright laws are being successfully used to protect expressions of indigenous culture, although there have been demands for the copyright system to better recognise the collective (as distinct from individual) nature of ownership of indigenous culture, and the implications of offensive misuse of indigenous cultures.

Similarly, there have been calls for more effective application of existing IPRs and protections – GIs, plant variety rights, and undisclosed information – to the IP of indigenous peoples, and enhanced understanding by such peoples of their options for licencing.

The Australian Government position on the protection of indigenous IP and traditional knowledge within the WTO is that the existing TRIPs Agreement is adequate for the purpose, although useful progress could be made, from a practical standpoint, from an exchange of information on existing national experiences and laws (such as contract, trade secrets, and heritage).

Australian commerce and industry shares the views of the Australian Government that the existing TRIPs Agreement is adequate for the protection of indigenous intellectual property and traditional knowledge, while seeing considerable merit in strengthening the exchanges of information on national experiences.

However, insofar as substantial and significant legal gaps can be shown to be present in the TRIPs Agreement on such matters, then the Australian Government should engage actively in such talks or formal negotiations, recognising the unique nature of Australian indigenous cultures, and their commercial and economic value.

. **Patenting of biotechnology and plant variety protection**

A core underlying principle of the TRIPs Agreement is patents should be granted in all areas of technology. However, the Agreement provides a limited exception to this rule, namely WTO members do not have to provide protection for plant and animal inventions (Art 27.3 (b)).

Debate has taken place within the WTO processes as to whether this exception should be eliminated (supported by the United States), preserved (the European Union) or even extended (supported by mainly developing countries), with discussions continuing.

The Australian Government has adopted a cautious approach to such matters within the TRIPs Council, arguing there is not sufficient evidence or information to warrant any amendment to the basic TRIPs Agreement, although proposing further study be undertaken on some of the core issues.

Australian commerce and industry supports the Australian Government's approach to the patenting of genetic resources under the TRIPs Agreement, namely much more investigation and careful consideration of the underlying issues is required, and that appropriate action may be more effectively taken at national legislative and policy-making levels than through formal amendment to the TRIPs Agreement;

. **Non-violation disputes**

The WTO dispute settlement system allows members to bring actions before the Dispute Settlement Mechanism on the basis of a claim: another member is specifically violating a term of an agreement (a violation dispute); or the conduct of a member has impaired or nullified a benefit that should have accrued to another member, even though there has been no specific breach of an agreement (a non-violation dispute).

Under the TRIPs Agreement, there was a five-year moratorium on non-violation disputes, which came to an end in 1999. At the same time, the TRIPs Council, which oversees the operation of the TRIPs Agreement, was required to develop recommendations on the scope and modalities of non-violation complaints, although very little progress was made in this regard.

Some developing countries (for example, Canada) have expressed concerns about the fundamental nature of non-violation disputes, in particular the difficulty in defining the benefits expected to flow from the implementation of TRIPs commitments.

Developing countries have called for the extension of the moratorium on non-violation actions, although this has been opposed by the United States. Australia has called for renewed efforts within the TRIPs Council on the operational aspects.

While not putting forward a formal proposal for dealing with non-violation complaints under the TRIPs, the Australian Government has suggested work within the TRIPs Council focus on defining core concepts such as ‘benefit accruing’, ‘nullification or impairment’ and ‘attainment of any objective’ within the broader context of the object and purpose of the Agreement.

Australian commerce and industry supports further careful consideration of the operation of non-violation issues, in particular within the WTO dispute settlement mechanism, by the TRIPs Council. The Australian Government should be intensively engaged in such discussions.

Patent Priority

An important issue in substantive patent law is determining priority of patent claims to the same invention, a matter left unresolved from the Uruguay Round TRIPs negotiations.

The European Union and Japan, on one hand, have advocated the universal application of a ‘first to file’ system for patent priority – that is, the first party to formally submit their application to the appropriate patent authority. The United States, by contrast, favours a ‘first to invent’ system – that is, the first party to invent the product for which the patent is being sought.

WTO members have also expressed an interest in including within the TRIPs agreement a rule requiring the publication by national patent authorities of patents pending at a certain time (18 months has been suggested) before it is granted or refused.

Such an approach would add to the transparency of the patent processes, reduce the potential for duplication of patents (different countries granting patents for ostensibly the same product), and for dealing with otherwise problematic patents. The Australian Government, to the best of the Chamber’s knowledge, has not made any public statement on this matter within the WTO TRIPs Council processes.

Australian commerce and industry considers patent priority to be an important issue in any robust multilateral system of TRIPs, and would support further discussions within the TRIPs Council of the relative merits and implications of the competing approaches.

Internet domain names, and well-known trade marks

The rapid expansion and growth of the Internet as a commercial tool, for marketing the demand and supply of some products, is well-known. However, allied to this trend has been the increasing tension between domain names and trade marks.

Domain names were originally intended to act as a user-friendly means for reaching individual internet sites, and have become a distinctive means of acting as a gateway to a particular business. However, problems have emerged with what has become known as 'cyber-squatting' and 'reverse hijacking'.

'Cyber-squatting' occurs when someone acquires the domain name for a prominent trademark (the name of an entity or a product) who is not otherwise the owner of that trademark, with the intention of leasing or selling the domain name to the trademark owner.

Prominent cases in point have included Telstra and Sydney Opera House; the problem is particularly acute where acronyms are involved. Similar problems emerge where domain names involve geographical terms or indicators, such as 'champagne'com'.

'Reverse hijacking' occurs when the trademark owners use the legal processes to challenge a bona fide domain name registration, as happened in the late 1990 in South Africa between the global food retailer McDonalds and a local small clothing retailer of the same name who held the domain name in that country.

The existing TRIPs Agreement does not dealing adequately with these interaction (domain names and trade marks) issues, and further specific work is required on this difficult issue.

The Australian Government, to the best of the Chamber's knowledge, has not made any public statement on this matter within the WTO TRIPs Council processes.

Australian commerce and industry abhors the practices of 'cybersquatting' and 'reverse hijacking' in obtaining Internet domain names, seeing merit in a 'legitimate use/direct connection' approach within international and national regimes in the allocation of domain names to those holding registered and relevant trademarks.

The WTO Doha Agenda on TRIPS

The WTO Ministerial held in Doha, Qatar, in November 2001 adopted a Ministerial Statement, which constitutes the mandate for what has become known as the Doha Round. The Ministerial Statement contained text setting down negotiating directions across the range of agreements and themes within rules-based multilateral trading system under the auspices of the WTO.

The TRIPs-related elements of the Ministerial Statement (paras 17 to 19, inclusive) outlined the mandate for negotiations in this area. Rather than provide a mandate for any review or extension of the fundamental principles underlying the TRIPs Agreement, the Ministerial Statement sets down what can reasonably regarded as a list of sectoral or thematic issues for attention by WTO Members.

These issues include: promoting access to existing medicines, and research and development into new medicines (a priority issue for developing countries); expanding the multilateral system for the notification and registration of geographical indications for wines and spirits; the potential treatment of traditional knowledge and folklore within the TRIPs; and, the relationships (read: tensions) between the TRIPs Agreement and certain multilateral environmental agreements, most notably the Convention on Biological Diversity.

By implication, the Ministerial Statement has signalled that, at least for the time being, the broad principles and structure of the TRIPs Agreement are adequate and sound, and priority attention should be given to those sectoral and specific issues, most of which have been addressed in a substantive manner earlier in this paper.

Conclusion

The WTO TRIPs Agreement has played a constructive role in strengthening the international legal and regulatory regime covering the defence and trade in intellectual property and related rights. While not a perfect document, if such a thing is possible in international law, the TRIPs Agreement is superior to the disparate arrangements that existed before its entry into force.

Members of the WTO, at the Ministerial Council held in Doha, Qatar, in November 2001 set down a mandate and through it a work agenda for moving ahead with a number of outstanding issues in the area of international intellectual property rights.

These included expanded provisions in areas of interest to certain members (such as the European Union on geographical indicators), to issues of broader general application (such as relationships between internet domain names and trademarks, patent priority and non-violation dispute settlement).

This policy position paper has examined and proposed courses of action in a number of these areas, from the perspective of Australian commerce and industry, for Australian trade negotiators to take forward in the relevant WTO negotiations. We look forward to working with them in this regard.

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