Chapter - V

TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS) AGREEMENT OF WORLD TRADE ORGANISATION (WTO)

V. 0. Introduction.

The intellectual property rights are private rights, but there is need for a multilateral framework of principles, rules and disciplines dealing with the intellectual property rights. The World Intellectual Property Organisation (WIPO) and Paris Convention are already covering patents well.

The Agreements of WTO are subject to the common dispute settlement system, hence efforts to bring intellectual property under WTO are made as Trade-Related Aspects of Intellectual Property Rights (TRIPS).

The TRIPS Agreement is added to the Agreement Establishing the World Trade Organisation (WTO). It is a multilateral Trade Agreement. The TRIPS is an integral part of the WTO Agreement, binding of all member countries as per Article II(2) of the WTO Agreement. The TRIPS Agreement has no annexes, or Ministerial Decisions unlike most of the other major WTO Agreements. The emphasis is on implementation of TRIPS.

The Agreement on TRIPS aims at protecting intellectual property rights, to reward creativity and inventiveness. The original Punte de Este declaration of GATT at the beginning of the Uruguay Round in 1986 did not make any reference to TRIPS. It was added to the Original Uruguay Round Agenda only in the late eighties. Developing countries agreed to the inclusion of TRIPS in the Uruguay Round only on condition that the textile and clothing quotas under the MFA would go. For the first time, under the auspices of the GATT, 1994, the TRIPS have been negotiated under multilateral negotiations.

TRIPS is a minimum standards agreement, and it encourages countries to provide a high level of protection for intellectual property and explicitly permits to do so.
The TRIPS Agreement sets out the minimum protection that must be given for each category of intellectual property rights in the national law of each WTO member country. The Agreement also lays down procedures and remedies to be provided by each country for intellectual property rights enforcement.

The Berne Convention (1971) for Copyrights is the starting points of the TRIPS. Members are expected to comply with these standards. Similarly the obligations under the Rome Convention (1961) and the IPTC Treaty (1989) are also protected under TRIPS.

TRIPS consists of seven intellectual property items namely copyright and related rights, trade marks, geographical indications, industrial designs, patents, integrated circuits and undisclosed information, It contains altogether 73 Articles in VII Parts.

V. 1. Need of Trade Related aspects of Intellectual Property Rights (TRIPS).

To achieve the reduction of distortions and impediments to international trade, the member countries of the WTO recognised the following :¹

i) There is the need to promote effective and adequate protection of intellectual property rights;

ii) There is the need for new rules and disciplines concerning the intellectual property right;

iii) There is the need to provide adequate standards and principles, scope and use of trade-related intellectual property rights;

iv) There is the need to provide effective and appropriate means for the enforcement of trade-related aspects of intellectual property rights and settlement of disputes between governments regarding them;

v) There is the need for the maximum flexibility in domestic implementation of laws and regulations in the least-developed countries.

vi) There is the need to establish a mutually supportive relationship between the WTO and the World Intellectual Property Organisation (WIPO) as well as other relevant international organisations.

To fulfil the above needs, the member countries of the WTO accepted the TRIPS Agreement.

V.2. General Provisions and Basic Principles (Part-I).

i. Obligation of Members.

1) Members (i.e. member countries of the WTO) shall give effect to the provisions of the TRIPS Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.\(^2\)

2) Members shall accord the treatment provided for in this Agreement to the nationals of other Members. In respect of the relevant intellectual property right, the nationals of other members shall be understood as those natural or legal persons that would meet the criteria for eligibility for protection provided for in the Paris Convention (1967), the Berne Convention (1971), The Rome Convention (1961) and the Treaty on Intellectual Property in Respect of Integrated Circuits (1989), were all Members of the WTO members of those Conventions. Any Member availing itself of the possibilities provided in paragraph 3 of Article 5 or paragraph 2 of Article 6 of the Rome Convention shall make a notification as foreseen in those provisions to the Council for Trade-Related Aspects of Intellectual Property Rights. (The 'Council for TRIPS') (Art.I).

\(^2\) Ibid.
ii. TRIPS and Intellectual Property Conventions.

1. In respect of Part II, III and IV of the TRIPS Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris convention (1967). [They are discussed separately under the heading 'Paris Convention']

2. Nothing in Part I to IV of the TRIPS Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits [All these issues have been discussed separately under those headings] (Art. 2).

iii. National Treatment.

1. Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits. In respect of performers, producers of phonograms and broadcasting organisations, this obligation only applied in respect of the lights provided under this agreement.

2. Members may avail themselves of the exceptions permitted under paragraph 1 in relation to judicial and administrative procedures, including the designation of an address for service or the appointment of an agent within the jurisdiction of a Member, only where such exceptions are necessary to secure compliance with laws and regulations which are not inconsistent with the provisions of this Agreement and where such practices are not applied in a manner which would constitute a disguised restriction on Trade. (Art. 3)

iv. Objectives of TRIPS.

The protection and enforcement of intellectual property rights should 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. (Art. 7).

v. **Principles.**

1. Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

2. Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology. (Art.8)

**V.3. Enforcement of Intellectual Property Rights.**

**(PART – III)**

Part III of the TRIPS Agreement sets out the legal procedures and remedies for enforcement of Intellectual Property Rights (IPRs). In effective enforcement there may be barriers to legitimate trade. Further, the protection is only as strong as each country’s judges and courts. The system must be simple to administer and enforce.³

i. **General Obligations.**

1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner

as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

3. Decisions on the merits of a case shall preferably be in writing and reasoned. 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.

4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisional 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 shall be no obligation to provide an opportunity for review of acquittals in Criminal cases.

5. It is understood that this Part does 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. Nothing in this part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general (Art. 41)

ii. Civil and Administrative Procedures and Remedies.

a. Fair and Equitable Procedures.

Members shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by the Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome
requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements. (Article-42).

b. Evidence.

1) The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.

2) A member may accord judicial authorities the authority to make determinations on the basis of the information presented to them in case in which a party to a proceeding does not provide necessary information within a reasonable period. (Art.43).

c. Injunctions.

1. The judicial authorities shall have the authority to order a party to desist from an infringement, *inter alia* to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.

2. Members may limit the remedies available against such use to payment of remuneration in accordance with sub-paragraph(h) of Article 31. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member’s law, declaratory judgements and adequate compensation shall be available (Art.44).
d. **Damages.**

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases Members may authorise the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity. (Art 45).

e. **Other Remedies.**

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder or unless this would be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimise the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third-parties shall be taken into account. In regard to counterfeit trade mark goods, the simple removal of the trade mark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce. (Art 46).
iii. **Right of Information.**

Members may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, 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. (Art. 47).

iv. **Indemnification of the Defendant.**

1. The judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.

2. In respect of the administration of any law pertaining to the protection or enforcement of Intellectual property rights, Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of the administration of that law. (Art 48).

v. **Administrative Procedures.**

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 to substance to those set forth in this section. (Art 49).

vi. **Provisional Measures.**

1. The Judicial authorities shall have the authority to order prompt and effective provisional measures:

   a) to prevent an infringement of any intellectual property right from occurring, and in
particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;

b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures inaudita altera parte 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.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicants' right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been adopted inaudita altera parte, the parties affected shall be given notice, without delay after the execution of the measures at the latest.

A review shall take place upon request of the defendant.

5. The applicant may be required to supply other information necessary for the identification of the goods concerned by the authority that will execute the provisional measures.

6. The provisional measures taken shall be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period i.e. not to exceed 20 working days or 31 calendar days whichever is longer.

7. Where the provisional measures are revoked or where they lapse, the judicial authorities shall have the authority to order the applicant to provide the defendant appropriate compensation for any injury caused by these measures.

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8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this section (Alt. 50)

vii. Right of Inspection and Information.

Without prejudice to the protection of confidential information members shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate the right holder's claims. The competent authorities shall also have authority to give the importer an equivalent opportunity to have any such goods inspected. (Art. 57)

viii. Ex Officio Action.

Where members require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired Prima facie evidence that an intellectual property right is being infringed:

(a) The competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;

(b) The importer and the right holder shall be promptly notified of the suspension.

(c) Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith. (Art. 58).

ix. Remedies.

Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 46. In regard to counterfeit trademark goods, the authorities shall 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 (Art. 59).

x. **Criminal Procedure (Section 5).**

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may 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 (Art. 61).

xi. **Dispute Prevention and settlement.**

a. **Dispute Prevention by Transparency.**

1. Laws and regulations and final judicial decisions and administrative rulings of general application, made effective by a Member pertaining to the subject matter of the TRIPS Agreement shall be published, or where such publication is not practicable made publicly available, in a national language, in such a manner as to enable government’s and right holders to become acquainted with them. Agreements concerning the subject matter of TRIPS Agreement which are in force between the governments (or governmental agencies) shall also be published.

2. Members shall notify the laws and regulations to the Council of TRIPS.

3. Each Member shall be prepared to supply information to a written request from another Member.

4. Members shall not require to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice
the legitimate commercial interests of particular enterprises, public or private (Art. 63).

b. Dispute Settlement.

1. The provisions of Dispute Settlement understanding shall apply to consultation and the settlement of disputes under TRIPS Agreement except as otherwise specifically provided herein.

2. Subparagraph 1(b) and 1(c) of Article XXIII of GATT 1994 shall not apply to the settlement of disputes under TRIPS Agreement for a period of five years from the date of entry into force of the WTO Agreement.

3. The time period of five years may be extended only by consensus and approved recommendation of all Members (Art. 64). Hereunder the Provisions of Dispute Settlement are presented:


To settle the disputes between Member countries of the WTO, the Disputes Settlement Body (DSB) is established under the "Understanding on Rules and Procedures Governing the Settlement of Disputes". Accordingly, the DSB shall have the authority to establish panels, adopt panel and Appellate Body reports, maintain surveillance of implementation of rulings and recommendations and authorities suspension of concessions and obligations under the covered agreements. Recommendations or rulings made by the DSB shall be aimed at achieving a satisfactory settlement of the matter relating to TRIPS and other Agreements.

i. Consultation.

Members of WTO resolve to strengthen and improve the effectiveness of the consultation procedure employed by Members. Each Member undertakes to accord sympathetic consideration to and afford adequate opportunity for consultation regarding any representations is made by another Member. If a request for consultations is made pursuant to a covered agreement, the Member country to which the request is made shall reply to the request within 10 days and shall enter into consultations in good faith
within a period of no more than 30 days. If there is no proper response, then, the Member country may proceed directly to request the establishment of a panel. All such requests for consultations shall be notified to the DSB and the relevant Councils and Committees by the Member countries which request consultations. Any request for consultations shall be submitted in writing and shall give the reasons for the request. Consultations shall be confidential, and without prejudice to the rights of any Member country in any further proceedings. If the consultations fail to settle a dispute within 60 days after the date of receipt of the request for consultations, the complaining party may request the establishment of a panel. In the case of perishable goods, Member countries shall enter into consultations within a period of no more than 10 days. If the consultations have failed to settle the dispute within a period of 20 days, the complaining party may request the establishment of a panel. During the consultations, Member countries should give special attention to the particular problems and interests of developing country Members.

ii. Good Offices, Conciliation and Mediation.

Good offices, conciliation and mediation are procedures that are undertaken voluntarily if the parties to the dispute so agree. The proceedings shall be confidential and without prejudice to the rights of either party in any further proceedings. If the parties to a dispute agree procedures for good offices, conciliation or mediation may continue while the panel process proceeds. The Director-General may, acting in an ex-officio capacity, offer good offices, conciliation or mediation with the view to assisting Member countries to settle a dispute.

iii. Establishment of Panels.

If the complaining party so requests a panel shall be established at the latest at the DSB meeting. The request for the establishment of a panel shall be made in writing and provide a brief summary of the result of consultation process along with the summary of the legal basis of the complaint sufficient to present the problem clearly.