

Intellectual Property Rights in US and EU Preferential Trade Agreements: Some Considerations about Implementation

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(based on material prepared by Carsten Fink)

Why include IPRs in PTAs? Four possible reasons for the EU and US

- A substitute for WTO negotiations:
 - TRIPS is more than 10 years old and the IP world has moved on (e.g. WIPO copyright treaty)
 - Include provisions that would be difficult to negotiate multilaterally
- PTAs are used to “interpret” TRIPS obligations (and thus preempt some freedom of transposition of TRIPS rules)
- TRIPS enforcement provisions do not go as far as desired by US and EU in detailing procedures and enforcement measures
- PTAs offer flexible and ad hoc mechanisms to monitor and guarantee implementation

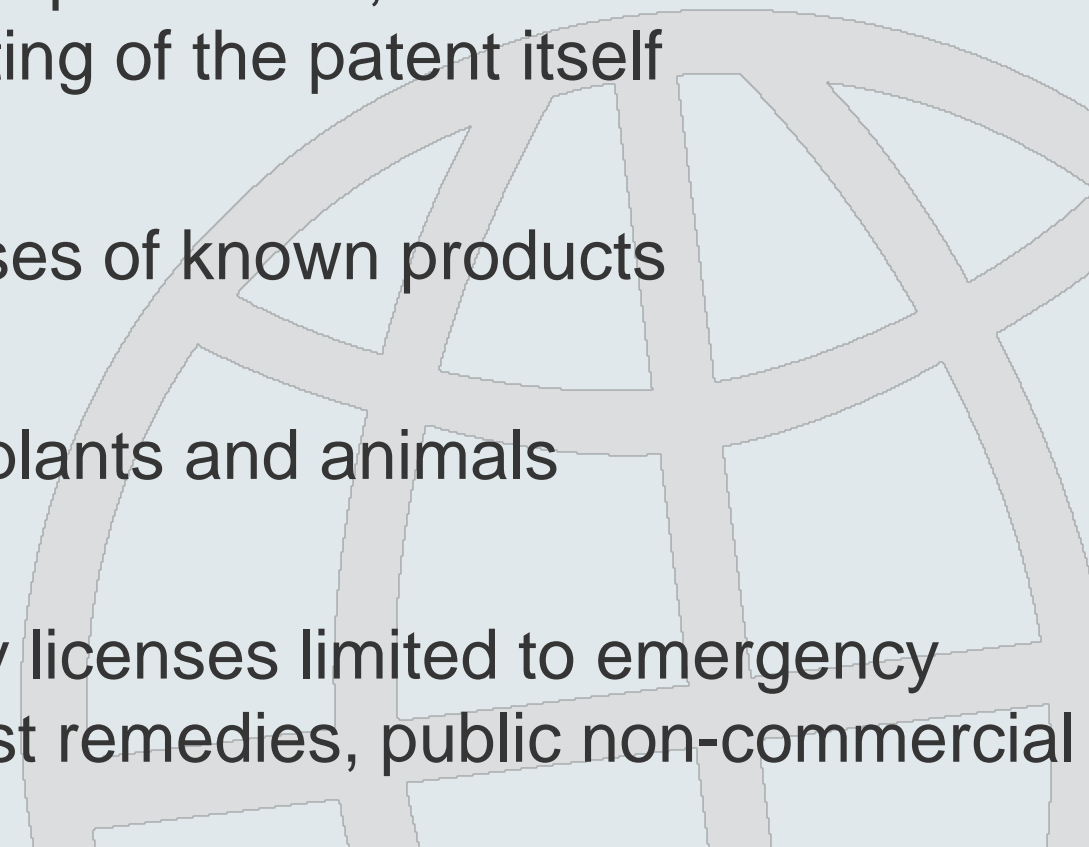


Broad scope of IPR provisions in US FTAs

- ▣ Two phases starting in 2002 and end 2006
- ▣ Patent
- ▣ Pharmaceutical products
- ▣ Copyrights
- ▣ Enforcement



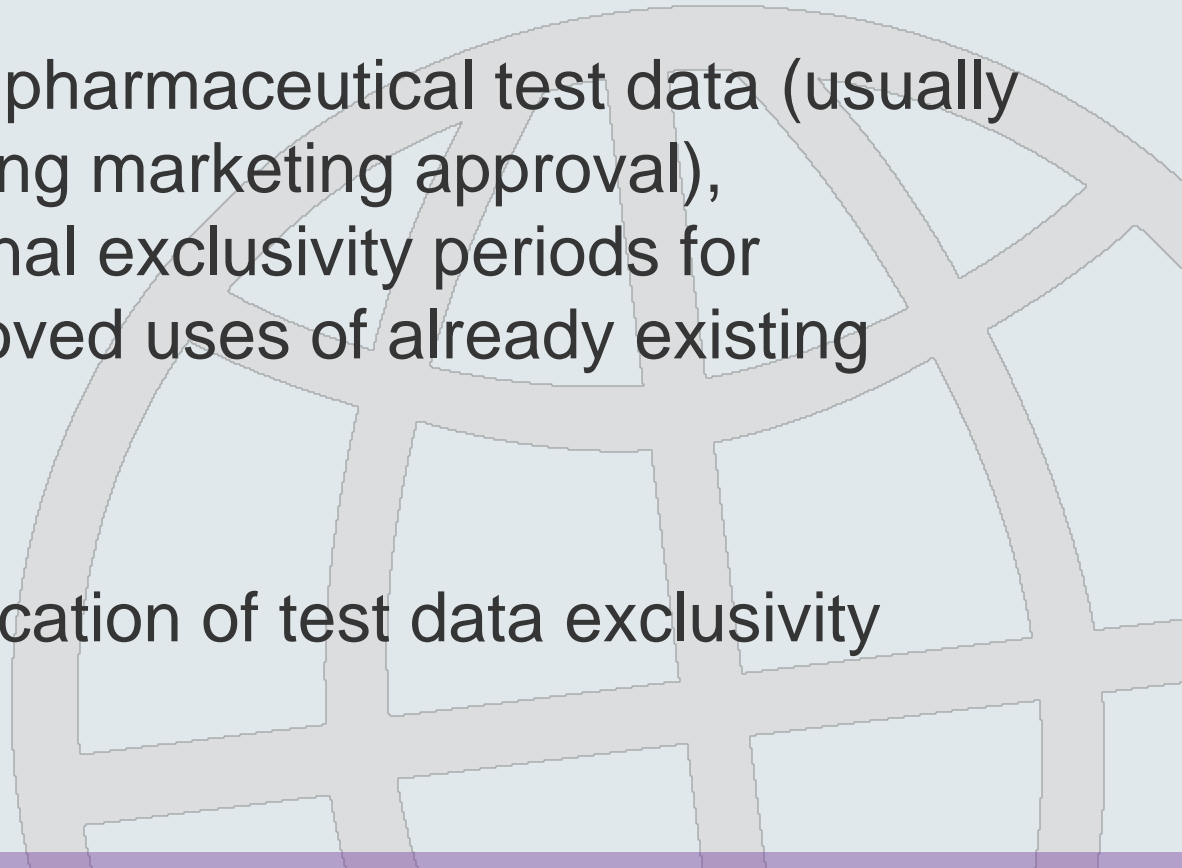
Patent obligations

- ▣ Patent term extension for delays caused by regulatory approval processes, sometimes also for delays in the granting of the patent itself
 - ▣ Patents for new uses of known products
 - ▣ Patent protection plants and animals
 - ▣ Use of compulsory licenses limited to emergency situations, anti-trust remedies, public non-commercial use
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Pharmaceutical products

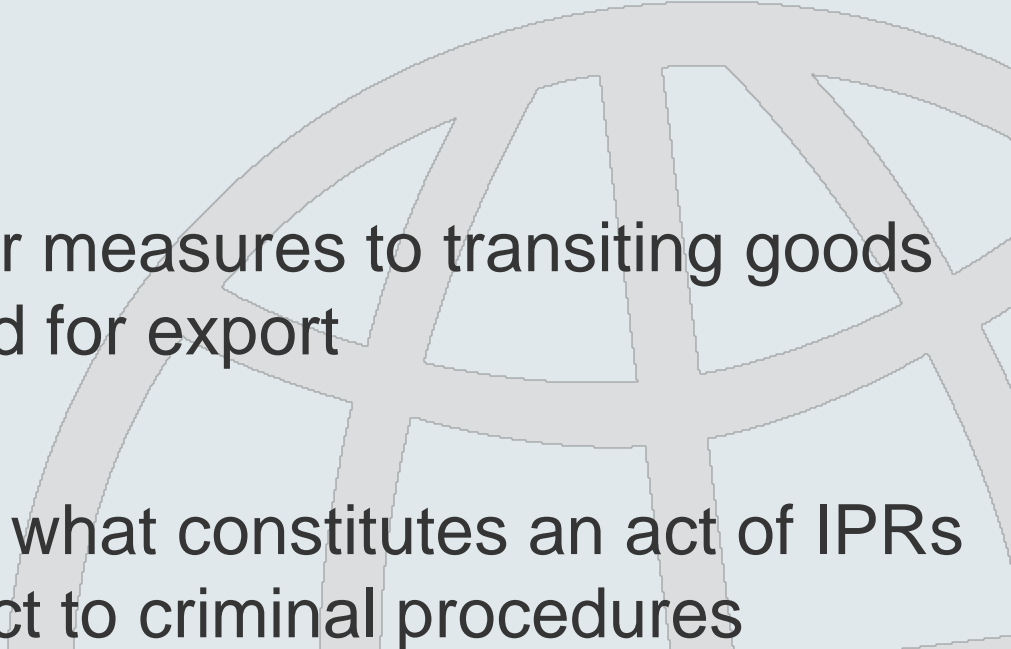
- Patent-registration linkage
- Exclusive rights to pharmaceutical test data (usually 5 years upon gaining marketing approval), sometimes additional exclusivity periods for previously unapproved uses of already existing products
- Cross-border application of test data exclusivity



Copyright

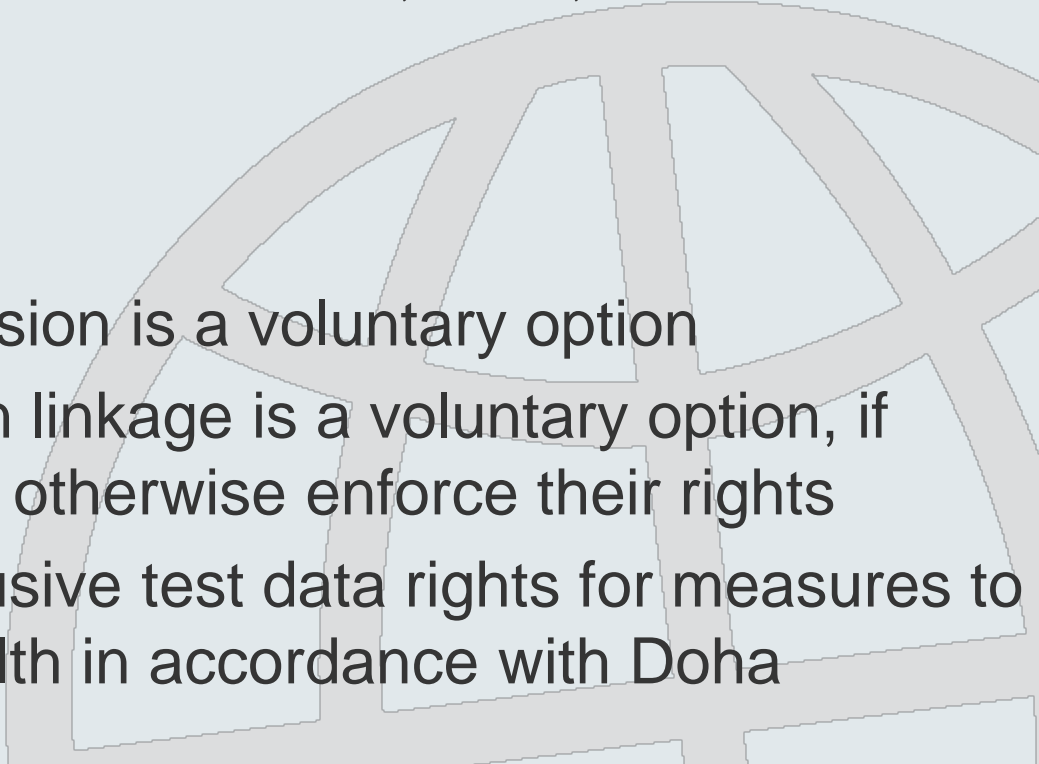
- Accession to WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty
 - Extension of copyright term by 20 years compared to TRIPS
 - From US Digital Millennium Copyright Act:
 - Rules against circumventing technological protection measures
 - Rules on the liability of Internet Service Providers
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Enforcement of IPRs

- ❑ No caveat recognizing the institutional limitations of developing countries, as found in the TRIPS Agreement
 - ❑ Extension of border measures to transiting goods and goods destined for export
 - ❑ Lower threshold of what constitutes an act of IPRs infringement subject to criminal procedures
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May 2007 Trade Deal

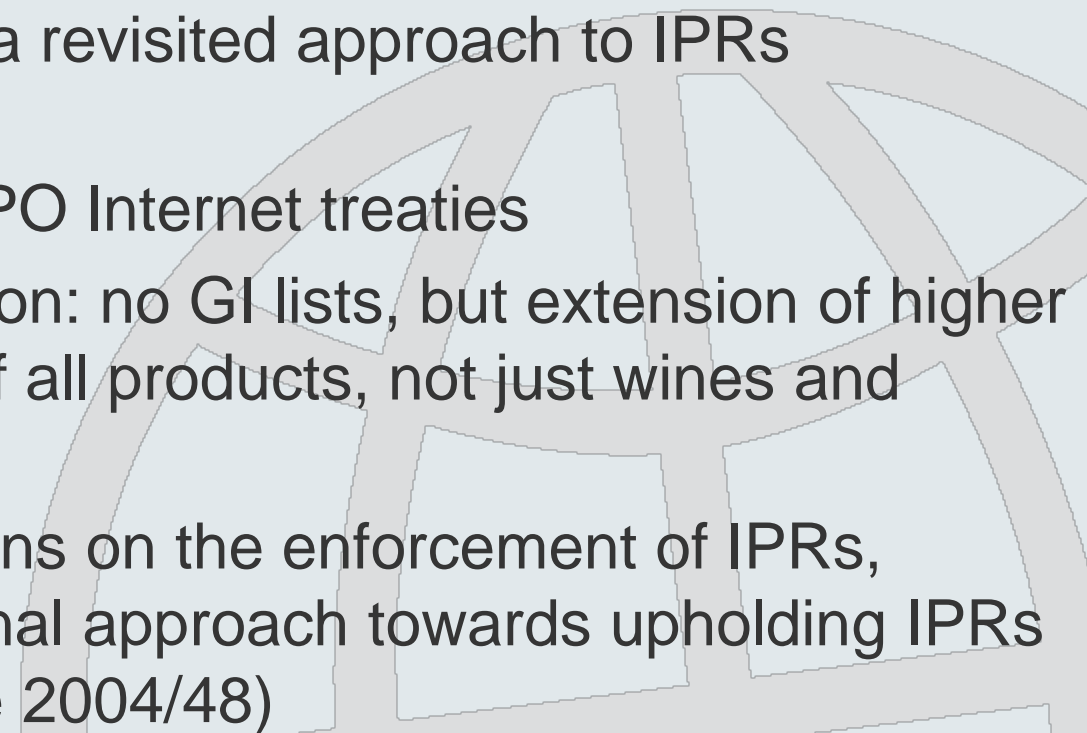
- ▣ Applies to US FTAs with Colombia, Peru, and Panama (not Korea)

 - ▣ Key changes:
 - ▣ Patent term extension is a voluntary option
 - ▣ Patent-registration linkage is a voluntary option, if rights holders can otherwise enforce their rights
 - ▣ Exception to exclusive test data rights for measures to protect public health in accordance with Doha Declaration
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Early generation EU Agreements

- Provisions in IPRs chapter mostly of a general, non-binding nature. Two exceptions:
- Incorporation of WIPO Internet treaties in EU-Chile FTA
- Exchange of lists of geographical names (120 pages in the case of the EU-South Africa FTA)
- Protection of these names by high protection standard, disallowing use of expressions such as “kind”, “style”, etc. by competing producers
- Some phase-out of names by local producers in EU partner countries required
- Effect on exports of third countries

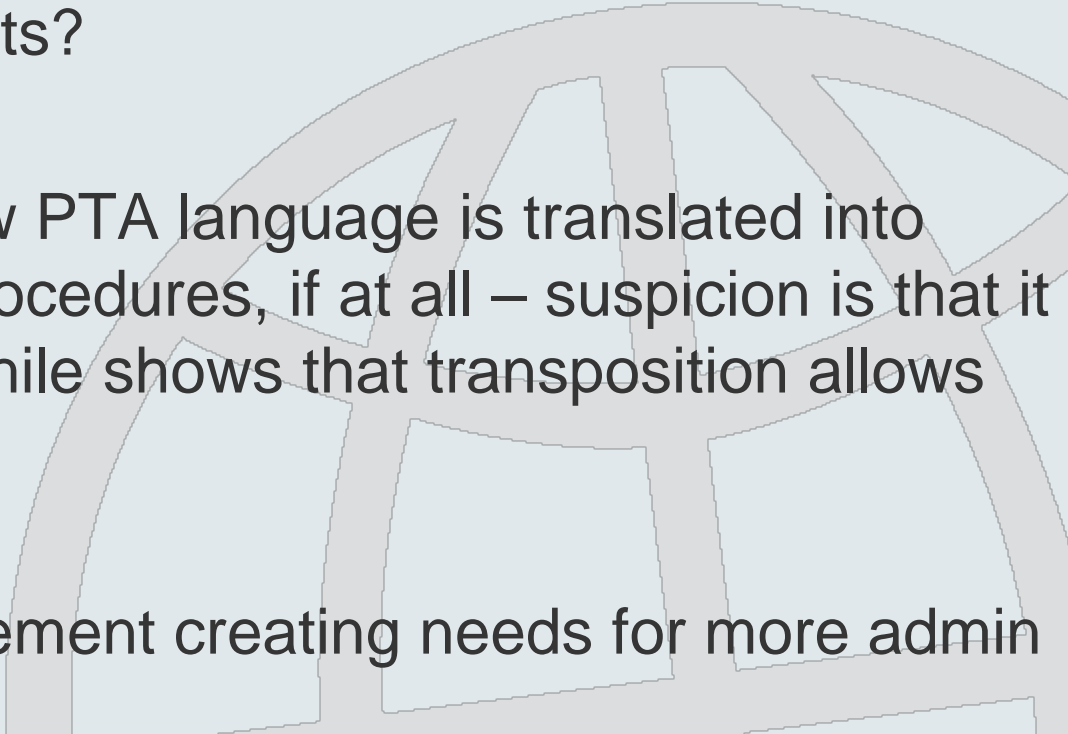
New generation: EU-CARIFORUM EPA

- ▣ More ambitious IPRs agenda: 2004 “Strategy for the Enforcement of Intellectual Property Rights in Third Countries” calls for a revisited approach to IPRs protection in FTAs
 - ▣ Incorporation of WIPO Internet treaties
 - ▣ Stronger GI protection: no GI lists, but extension of higher level of protection of all products, not just wines and spirits
 - ▣ TRIPS-plus provisions on the enforcement of IPRs, rooted in EU’s internal approach towards upholding IPRs (especially Directive 2004/48)
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Key enforcement provisions

- Extension of border measures to exportation, re-exportation, and other border movements
 - Extension of border measures to cover infringements of all IPRs, not just copyright piracy and trademark counterfeiting
 - No recognition of the institutional limitations of developing countries
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How about implementation?

- To what extent new IPR requirements contained in PTA actually require developing countries to make important implementation efforts?
 - It is unclear also how PTA language is translated into national laws and procedures, if at all – suspicion is that it is, but example of Chile shows that transposition allows for interpretation
 - Is accent on enforcement creating needs for more admin resources?
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Possible implementation problems

- ❑ Broad agenda from both US and EU may stretch capacity of countries to implement agreement
- ❑ Especially since no heed is made to institutional capacity of countries (e.g. EU on GIs; not an excuse for the US)
- ❑ Poor capacity in patent examination may result in very long periods of protection
- ❑ Language of agreements focus on enforcement aspects: this may be irrespective of legal/administrative traditions of countries and again their capacity
- ❑ For instance criminalization of infringement and burden of proof in copyright law

Possible implementation problems

- Unclear whether TRIPS+ elements require new laws in countries, but suspicion is that yes
 - If new IPR regimes are created this requires not only new laws, but also institutions and specialized personnel
 - At the same time, incentives to patent in small countries is low and undermined by data exclusivity which means less sources of revenue for patent offices
 - TRIPS concessions cannot be given twice, so there is a risk of incompatibility in interpretation of overlapping provisions in different PTAs
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