



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

**INTELLECTUAL PROPERTY PROVISIONS IN EUROPEAN UNION TRADE
AGREEMENTS AND IMPLICATIONS FOR DEVELOPING COUNTRIES**

Maximiliano Santa Cruz S.
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1. Introduction

1.1 The role of the EU in world trade and participation of the EU in world trade figures

The European Union (EU)¹ is one of the leading blocks in the world economy and international trade. In 2004, it accounted for 18.1% of world trade in goods and 26.4% of world trade in services.² By both measures, the EU is the world's largest trading entity. In terms of investment, the EU accounted for 27% of world foreign direct investment (FDI) inflows, and for 32% of the outflows, in the 2002-2004 period. These figures make the EU the world's largest recipient of FDI and its second largest source after the United States.

Together with being a key block in world economic figures, the EU is also one of the major players in forging the international **intellectual property** scenario. The European Patent Convention (EPC) countries (to which the EU countries are the main users), together with the United States and Japan held close to 86% of existing patents in the world in 2003³ and the EU and the United States accounted for around 71% of the total number of PCT applications in 2002⁴. Despite there being emergent participants in the international cultural, software and patent industries (such as India and China), these three actors probably also hold a substantial part of existing copyrights, be it in the audiovisual, editorial, music or software industries.

The EU has had a long tradition of negotiating trade agreements, many of which include intellectual property provisions. However, in recent years it has lost ground to other developed countries, and especially to the United States. Until 2003 the United States had concluded regional trade agreements with a handful of countries, whereas the EU had already negotiated some type of trade agreement with countries in Africa, Asia, Latin América, and Europe. Since 2003, the United States has concluded negotiations with close to 10 countries and regions⁵ and has on-going negotiations with about other 8 countries⁶. The EU on the other hand, has concluded very few negotiations⁷. Nevertheless, there has been activity in the EU in recent years, either by negotiating a few specific trade agreements or by continuing the process of *enlargement* of the EU, including harmonization in different areas of trade. Furthermore the EU has recently announced that it will engage in new negotiations of Association Agreements.

¹ Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

² These figures exclude intra-EU trade.

³ Trilateral Statistical Report 2004 at http://www.trilateral.net/tsr/tsr_2004/tsr2004.pdf.

⁴ OECD – 2005 Compendium of Patents Statistics, p. 35 at <http://www.oecd.org/dataoecd/60/24/8208325.pdf>.

⁵ Australia, Bahrain, Central America and Dominican Republic, Chile, Colombia, Lao People's Democratic Republic, Morocco, Oman, Peru and Singapore.

⁶ Ecuador, Panama, Malaysia; Republic of Korea, Southern African Customs Union (SACU), Thailand and United Arab Emirates (UAE).

⁷ See *the complete list of EC Regional Trade Agreements* (July 2005) at http://trade.ec.europa.eu/doclib/docs/2005/july/tradoc_111588.pdf.

It seems that lately the EU has had a preference for negotiating trade agreements with regional blocks instead of with specific countries. Ongoing negotiations with Mercosur, with the six nation Gulf Cooperation Council and the future negotiations with Central American and Andean Community countries is a sign of this preference.

1.2 Accession of new members

The EU, which started with only six Members, today comprises of 25 Member States. It received its last accessions in May of 2004 with the incorporation of 10 new Member States. Rumania and Bulgaria will be the next Members of the EU after signing the Treaty of Accession in April 2005. Accession will be made effective at the entry into force of the Agreement on January 1st 2007 or January 1st 2008 depending on a unanimous decision of the European Council in November 2006⁸.

Croatia, the Former Yugoslav Republic of Macedonia and Turkey are candidates for accession⁹. Croatia and Turkey have both started negotiations for accession with the EC. Albania, Bosnia and Herzegovina, Montenegro and Serbia are considered potential candidate countries. As we will see in Section 6, there are provisions on intellectual property rights in the instruments of accession of future members and candidate countries to the EU.

1.3 Competence of the Community in intellectual property

The competence of the Community to harmonize national laws in the field in intellectual property issues derives from Article 295 and especially from Article 95 of the Treaty establishing the European Community (EC Treaty). These “provisions entitle(d) the Community, in order to achieve the objectives of the Treaty, to legislate in the field of intellectual property, in particular, the attainment of an internal market without frontiers”¹⁰. The internal market is defined in the EC Treaty as “an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured”¹¹.

The European Commission (the Commission)¹², a main institution of the EU, together with the European Council and the European Parliament, is the body in charge both of preparing harmonization

⁸ See http://eur-lex.europa.eu/LexUriServ/site/en/oj/2005/l_157/l_15720050621en00100010.pdf.

⁹ See http://ec.europa.eu/enlargement/countries/index_en.htm.

¹⁰ Tritton, Guy et al. *Intellectual Property in Europe*, p.30. Sweet and Maxwell, Second Edition, London 2002.

¹¹ Kapteyn, Verloren van Themmat. *Introduction to the Law of the European Communities*. Kluwer Law International. Third Edition, p.575. London 1998.

¹² “The European Commission is a politically independent collegial institution which embodies and defends the general interests of the European Union. Its virtually exclusive right of initiative in the field of legislation makes it the driving force of European integration. It prepares and then implements the legislative instruments adopted by the Council and the European Parliament in connection with Community policies”. See Europa Glossary at http://europa.eu/scadplus/glossary/european_commission_en.htm.

legislation in the field of intellectual property and of negotiating international trade agreements, including intellectual property provisions.

The Treaty of Nice amended the Treaty on European Union (Maastricht Treaty) and the Treaty of Rome, the two major founding treaties of the EU. The main purpose of the Treaty of Nice was to settle a series of institutional issues to prepare the enlargement of the EC by future applicant countries¹³. However, the Treaty of Nice also dealt with other issues, some of them concerning intellectual property. Mainly, it gave competence to the Commission to negotiate and conclude agreements in the field of commercial aspects of intellectual property¹⁴. It also gave competence to the Commission to negotiate agreements in non-commercial aspects of intellectual property if “the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament” allowed for it.

Second, it allowed the Council (after consultation with other EU Institutions) to create judicial panels or chambers to hear and determine at first instance certain classes of action or proceeding brought in specific areas, including intellectual property¹⁵. Although it hasn't yet happened, intellectual property is seen by many as one of specific areas where a judicial panel should be created¹⁶. To date intellectual property cases are distributed between the five chambers of the Court of First Instance, undermining the uniformity of the Court's jurisprudence.

1.4 The EU's intellectual property relation with other major players in world trade

Regarding intellectual property, the EU shares common interests and holds close collaboration with other developed countries and blocks, such as the European Free Trade Association (EFTA)¹⁷, Japan and the United States. For instance, three Members of EFTA, Iceland, Lichtenstein and Switzerland, participate in the EU's internal market, as members of the European Economic Area (EEA)¹⁸. Through the EEA, these three EFTA states participate in the formulation of Community legislation covered by the EEA, which is later incorporated in their own national legislation. This includes legislation in all aspects of intellectual property.

¹³ The Treaty was signed on the 26th of February 2001 and came into force on the 1st of February 2003. Among others, reforms to the EU institutions dealt with weighing of the vote in the decision-making system of the Council, number of votes allocated to Member States, distribution of seats in the European Parliament, regulation of European level political parties, and number and procedure of appointment of members of the Commission. See http://ec.europa.eu/comm/nice_treaty/summary_en.pdf, last visited on the 5th of August 2006.

¹⁴ See Article 133 of the Treaty establishing the European Community.

¹⁵ See Article 225a of the Treaty establishing the European Community.

¹⁶ See Oral presentation by M. Bo Vesterdorf, President of the Court of First Instance of the European Communities, to the "discussion circles on the Court of Justice on 24 February 2003: "The establishment of a judicial panel with jurisdiction over European staff cases and a judicial panel for intellectual property cases is therefore a matter of the utmost urgency". <http://register.consilium.eu.int/pdf/en/03/cv00/cv00575en03.pdf>.

¹⁷ The EFTA is formed by Iceland, Lichtenstein, Norway and Switzerland.

¹⁸ The European Economic Area was created in 1992 by an agreement between the European Community and the EFTA Members.

Three EFTA Members are also part of the European Patent Office (EPO)^{19 20}, to which twenty four of the twenty five EU Members are also part. With respect to negotiations of trade agreement, there is also convergence as EFTA and the EU often coincide in partners with which they have negotiated regional trade agreements.

The EU also holds strong ties with Japan and the United States. The EPO, the Japan Patent Office (JPO), and the United States Patent and Trademark Office (USPTO) are commonly known as the Trilateral Offices²¹. The Trilateral co-operation seeks among other things to deepen awareness of the benefits of the patent system and to harmonize practices of the three offices. More specifically, on the issue of harmonization, the Trilateral is working on definition of prior art, novelty, inventive step, grace period and on the principle of first to file vs. first to invent.

Indeed, as a good example of the close coordination between these countries/offices, in April 2004 the United States, Japan and EPO jointly submitted a controversial proposal²² to the Standing Committee on the Law of Patents (SCP) of the World Intellectual Property Organization (WIPO), which deals precisely with harmonization of those issues. Alleging a sheer number of proposals in the negotiations, the complexity of issues, and the controversial nature of some provisions of the draft Substantive Patent Law Treaty (SPLT), the three co-sponsors proposed to first discuss and reach agreement on four issues (definition of prior art, grace period, novelty and non-obviousness/inventive step). They suggested that only after an agreement was reached on that package the SCP could turn to discuss other issues²³. The proposal met the forceful opposition of developing countries, leading to the further stalemate of the SPLT negotiations.²⁴ Besides opposing the proposals on substantive grounds, developing countries questioned the fact that an international organization (EPO) had submitted the proposal, whereas only member states are allowed to make proposals to WIPO bodies and *ad-hoc* committees²⁵.

¹⁹ The EPO is formed by the EU countries (except Malta), Bulgaria, Iceland, Lichtenstein, Monaco, Romania, Switzerland and Turkey. EPO has agreements for the recognition of European patents with Albania, Bosnia-Herzegovina, Croatia, Latvia, the Former Yugoslav Republic of Macedonia, and Serbia and Montenegro. EPO's "main task is to grant European Patents according to the European Patent Convention" See Trilateral Statistical Report 2004, page 6.

²⁰ Norway is not part of EPO although as a signatory country of the European Patent Convention, it is entitled to accede. See Articles 165 and 166 of the European Patent Convention at <http://www.european-patent-office.org/legal/epc/e/ar166.html>.

²¹ See <http://www.trilateral.net>.

²² See WIPO document SCP/10/9.

²³ The proposal mentioned discussion on disclosure requirements, claim drafting and unity of invention/restriction, without taking into account that the draft treaty included several "public interest" provisions.

²⁴ This proposal resulted from a meeting of the Trilateral Offices in November of 2003. See Summary of the 21st Trilateral Conference, Tokyo, Japan, 7 November 2003 at http://www.trilateral.net/conf_sum/2003.pdf. However the origin of the proposal can be tracked back to a meeting of the Executive Committee of the International Association for the Protection of Intellectual Property (AIPPI) in Lucerne in October of 2003. See AIPPI's Resolution to Question 170 at http://www.aippi.org/reports/resolutions/Q170_E.pdf.

²⁵ WIPO Rules of Procedure, Rules 21 and 24.2.

More specifically, the EU and the United States are involved in a strong joint anti-piracy and anti-counterfeiting crusade. As we will see, Enforcement is one of the priority areas for the EU, not only at domestic level but also internationally. Among the various initiatives the EU has taken, is the joint *Action Strategy for the Enforcement of Intellectual Property Rights*²⁶, launched on June 2006 at the EU – United States Summit in Brussels. The Strategy establishes cooperation in customs and border controls, joint actions in third countries, coordination on enforcement issues in multilateral venues and private – public partnerships on enforcement.

Another example of the close relation between the EU and the United States is the wine agreement concluded on November 2005, to which we will refer to in Section _____.

But despite having strong cooperation ties between them, and having reached agreement in the area of wines and enforcement, the relation between the EU and the United States on intellectual property has also had disagreements. This less bright side of the relation can be seen in the respective reports on intellectual property issues that the EU publishes on the United States' trade measures and *vice versa*.

On the one hand, the EU complains that the United States does not sufficiently recognize moral rights; that American producers use European geographical indications in their products; that there is no protection of geographical indications as such in the United States; that the United States does not comply with WTO panel reports on intellectual property; and that the United States insists on using the *first to invent* system refusing to follow the rest of the world's system of *first to file*²⁷.

On the other hand, the United States has stated concerns over the way the EU has implemented the adverse recommendations and rulings of a WTO Dispute Settlement Body on geographical indications of April 2005. Because of this, the EU was placed in the Watch List of the United States' Special 301 Report²⁸. In addition, besides having placed the EU in the Watch List, the United States has also placed specific EU Members in the Watch List. For instance, Hungary, Italy and Poland are charged, basically, with growing, and even chronic problems (Italy) with copyright piracy on the internet; lack of adequate enforcement, including weak enforcement at the borders; deficiencies in the protection of undisclosed test and other data submitted by pharmaceutical companies to gain marketing approval for their products; and lastly, lack of coordination between health and patent authorities to prevent the authorization to market products still under patent protection.

²⁶ See EU – US Action Strategy for the Enforcement of Intellectual Property Rights at http://trade.ec.europa.eu/doclib/docs/2006/june/tradoc_129013.pdf and http://ec.europa.eu/comm/trade/issues/bilateral/countries/usa/pr200606_en.htm.

²⁷ See the March 2006 European Commission's *United States Barriers to Trade and Investment Report for 2005* at http://trade.ec.europa.eu/doclib/docs/2006/march/tradoc_127632.pdf.

²⁸ United States Trade Representative's 2006 *Special 301 Report*, at http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_Special_301_Review/asset_upload_file473_9336.pdf.

2. The EU's intellectual property policy:

2.1 Priorities in intellectual property - areas of concern to the EU

There is no doubt that intellectual property rights are an important factor in the EU's overall growth strategy. "In 2000, European Heads of State established the strategic goal for the EU of becoming the most competitive and dynamic knowledge based economy in the world by 2010. Innovation was recognized as the key to the success of this strategy, which today is commonly referred to as the Lisbon Strategy or Agenda"²⁹. Among the key areas signaled by the European Commission in the implementation of the Lisbon Agenda is the extension and deepening of the internal market, including the creation of an Internal Market in knowledge, stimulation of the demand side for "content" and the creation of a Community Patent System.

It is not easy to determine the main areas of concern to the EU in intellectual property. Its efforts towards harmonization have led it to enact legislation in every area of intellectual property, even going beyond traditional categories of intellectual property. It has enacted or explored legislation in areas excluded from international treaties which are even unknown to most developing countries (e.g. protection of non-original databases or software patents).

Besides the general goals set by the Lisbon Agenda, more specifically the EU sets its priorities and policies, including intellectual property, through green³⁰ and white papers³¹ (no white papers on intellectual property have been issued to date). These can deal exclusively with intellectual property matters (e.g. Green Paper on Combating Counterfeiting and Piracy in the Single Market³²) or indirectly (e.g. Green Paper on Public Sector Information in the Information Society³³ which considers copyrights in official texts). Green papers, which are discussion papers from the Commission, may serve as a basis for further development of Community legislation.

²⁹ Intellectual Property Frontiers - Expanding the Borders of Discussion. A Stockholm Network Publication. Edited by Anne K. Jensen and Meir Perez Pugatch. United Kingdom 2005.

³⁰ "Green papers are discussion papers published by the Commission on a specific policy area. Primarily they are documents addressed to interested parties - organizations and individuals - who are invited to participate in a process of consultation and debate. In some cases they provide an impetus for subsequent legislation". http://europa.eu/documents/comm/index_en.htm.

³¹ "White Papers are documents containing proposals for Community action in a specific area. They sometimes follow a green paper published to launch a consultation process at European level. While green papers set out a range of ideas presented for public discussion and debate, white papers contain an official set of proposals in specific policy areas and are used as vehicles for their development". http://europa.eu/documents/comm/index_en.htm.

³² See COM(98) 569, October 1998 at http://ec.europa.eu/internal_market/indprop/docs/piracy/greenpaper_en.pdf. Other green papers on intellectual property are "Promoting Innovation Through Patents - Green Paper on the Community patent and the patent system in Europe" (COM(97) 314, June 1997); "Green Paper on Copyright and Related Rights in the Information Society" (COM(95) 382, July 1995); "Green paper on the Protection of Utility Models in the Single Market" (COM(95) 333, May 1995); and "Green Paper on copyright and the challenge of technology - Copyright issues requiring immediate action" (COM(88) 172, June 1988).

³³ See COM(98) 585, January 1999 at ftp://ftp.cordis.lu/pub/econtent/docs/gp_en.pdf.

The broad range of legislation on intellectual property mentioned above is contained in secondary legislation, which can take the form of Directives, Regulations, Recommendations and Decisions (see Box ____). There are well-known Directives, in issues such as Copyright, Non-Original Databases and Regulations on Geographical Indications, Community Trademark³⁴ and Community Design³⁵. But there is also less known legislation in other important areas, such as the Directive on the legal protection of biotechnological inventions³⁶ and the Recommendation on management of online rights in musical works³⁷

An interesting point is whether EU's intellectual property legislation promulgated before the WTO's Agreements entered into force should be considered as intellectual property treaties, or if the EC Treaty itself could be considered as an intellectual property treaty. This is relevant for purposes of determining whether the EU should extend the rights contained therein to other WTO Members under the Most Favored Treatment (MFN) obligations of the TRIPS Agreement³⁸. It is worth noting that the EC notified to the TRIPS Council pursuant to Article 4(d) of TRIPS (MFN), both the EC Treaty and the Agreement establishing the European Economic Area.³⁹

³⁴ Council Regulation (EC) No 40/94 of 20 December 1993.

³⁵ Council Regulation (EC) No 6/2002 of 12 December 2002.

³⁶ Directive 98/44/EC of 6 July 1998.

³⁷ Recommendation 2005/737/EC of 18 May 2005.

³⁸ Goldstein, Paul. *International Copyright – Principles, Law and Practice*, p.88. Oxford University Press, London 2001.

³⁹ See WTO document IP/N/4/EEC/1 at http://docsonline.wto.org/gen_home.asp.

Box XX
Community Secondary Legislative Acts
Treaty establishing the European Community - Article 249⁴⁰

In order to carry out their task and in accordance with the provisions of this Treaty, the European Parliament acting jointly with the Council, the Council and the Commission shall make regulations and issue directives, take decisions, make recommendations or deliver opinions.

A **regulation** shall have general application. It shall be binding in its entirety and directly applicable in all Member States.

A **directive** shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods.

A **decision** shall be binding in its entirety upon those to whom it is addressed.

Recommendations and **opinions** shall have no binding force.

2.2 Priorities in intellectual property: areas of concern to the EU in international negotiations

We saw that a key area for the Commission is the extension and deepening of the internal market, including the creation of an Internal Market in knowledge, and stimulation of the demand side for "content". A different task though, is to determine the priorities the EU has had in its international negotiations and whether these priorities will shift in future negotiations.

In this respect, another key area for the Commission in achieving the goals of the Lisbon Strategy is that of ensuring open and competitive markets. To this end, the Commission points to the need for calling for better respect and enforcement of intellectual property rights in the international trading system.

Despite the EU having legislated on a great number of intellectual property issues⁴¹ and having attained a great degree of harmonization, it has not demanded similar legislative sophistication to its trade partners. As we will see, the EU trade agreements, with minor exceptions, basically limit themselves to seeking from its trade partners, accession to multilateral intellectual property treaties. The United States

⁴⁰ Treaty establishing the European Community at http://eur-lex.europa.eu/en/treaties/dat/12002E/htm/C_2002325EN.003301.html.

⁴¹ For a complete list of intellectual property legislation go to <http://europa.eu/scadplus/leg/en/s06020.htm>.

on the other hand, has incorporated in its recent agreements, very detailed provisions which, for example, mirror almost entire provisions of its Copyright and Patent legislation⁴².

Among the objectives of the DG Trade's policy in intellectual property is to reach full implementation of the TRIPS Agreement by each WTO Member, respecting transitional periods⁴³. Other objectives are, promoting adequate enforcement world-wide; "ensuring that IPRs are supportive to public health objectives, to innovation and to technology transfer"; cooperating with developing countries in implementation and enforcement; and reaching specific goals in the WTO's Doha Round of trade negotiations. As we will see, the specific goals in this last objective, enforcement and protection of GIs, are not only pursued at a multilateral level in the WTO, but also form part of a more global strategy.

2.2.1 Geographical indications

The first priority area in international negotiations has definitely been the protection of Geographical Indications (GIs). This interest is reflected in many facts.

First of all, the EU has enacted comprehensive legislation on the protection of GIs⁴⁴. While geographical indications are a type of intellectual property relatively new to most developing countries, the EU, and especially European Mediterranean countries have a long tradition of protecting geographical indications and Appellations of Origin (AO). The EU enacted new legislation⁴⁵ on GIs after the Dispute Settlement Body of the WTO adopted two panel reports in April 2005⁴⁶ which ruled that the EU's legislation on GIs for agricultural products and foodstuffs was inconsistent with national treatment obligations in the TRIPS Agreement. Concerns about the impact that the new legislation would have on rights of trademark holders have led the United States to place the EU in the Watch List of the 2006 Special 301 Report. The protection of GIs for wines is protected through different legislation⁴⁷.

⁴² Roffe, Pedro & Maximiliano Santa Cruz (2006), Los Derechos de propiedad intelectual en los acuerdos de libre comercio celebrados por países de América Latina con países desarrollados, CEPAL, Serie Comercio Internacional 70.

⁴³ See http://ec.europa.eu/comm/trade/issues/sectoral/intell_property/index_en.htm.

⁴⁴ For a comprehensive list of GI legislation on agricultural products and foodstuffs see <http://europa.eu/scadplus/leg/en/lvb/l21097.htm>.

⁴⁵ Council Regulation (EC) No 510/2006 of 20 March 2006 at http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_093/l_09320060331en00120025.pdf.

⁴⁶ European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs - Complaint by Australia (WT/DS290/R) and European Communities - Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs - Complaint by the United States (WT/DS174/R) at http://www.wto.org/english/tratop_e/dispu_e/dispu_subjects_index_e.htm#geographical_indications.

⁴⁷ Council Regulation (CE) No 1493/1999 of 17 May 1999 at http://europa.eu/eur-lex/en/consleg/pdf/1999/en_1999R1493_do_001.pdf.

Second, historically, EU countries were among the strongest demanders of inclusion of and active participants in discussions of GIs in the TRIPS agreement during the Uruguay Round. Indeed, both the EC and Switzerland, made extensive proposals on the protections of GIs in contrast to much simpler proposals from the United States and a group of developing countries, which basically relied on trademark and unfair competition law respectively.

Thirdly, the EU has been the most ambitious proponent of protection of GIs in the WTO before and during the Doha Round. Notwithstanding there was a built-in mandate to negotiate the establishment of a multilateral system of notification and registration for wines (and spirits) in Article 23.4 of the TRIPS (the Register), the EU has pushed for strong protection of GIs in two other fronts in the WTO. In addition to its proposal on a Register with very strong legal effects⁴⁸, even for countries which choose not participate in the System, the EU has proposed to extend the enhanced protection that TRIPS affords to wine and spirits, to all kind of products⁴⁹. Finally, it submitted to the Agriculture Committee of the WTO a proposal to recoup exclusivity for certain terms of European origin that have long been used by countries of the so called New World, such as Champagne, Chianti, Rioja, Feta, Parmigiano Reggiano and Roquefort⁵⁰.

Finally, as we will see in Section _____ the EU has sought strong protection of GIs through bilateral trade agreements (by either including protection in trade agreements or by negotiating specific agreements on trade in wine and spirits).

2.2.2 Enforcement

Enforcement is another area of fundamental interest to the EU both internally and internationally. "Tackling piracy and counterfeiting has been established as one of the priorities within the Commission's internal market strategy for 2003-06"⁵¹. Indeed, in the recent past, the EU has taken numerous actions and initiatives destined to tackle intellectual property infringements both inside the EU and abroad. It has recently issued legislation on border measures and enforcement, and is currently discussing new legislation on harmonization of criminal measures. It has launched initiatives for enforcement in third countries and has also submitted proposals on enforcement in multilateral fora.

2.2.2.1 Domestic initiatives

Domestically, the efforts of the EU have concentrated on harmonization of the Community legislation. In 2004 the EU enacted the **EU Enforcement Directive (2004/48)** with the purpose of correcting

⁴⁸ See WTO document TN/IP/W/12 consisting of a table with the three proposals submitted to the TRIPS Council, including the EU's (TN/IP/W/11).

⁴⁹ See WTO document TN/IP/W/11 submitted by the EU on June 2005 with proposals on a Register and Extension.

⁵⁰ See press release of the EC from 28 August 2003 at <http://europe.eu.int/rapid/pressReleasesAction.do?reference=IP/03/1178> and WTO document JOB(06)/190.

⁵¹ Trade Policy Review of the European Communities, 2004. World Trade Organization. Report by the WTO Secretariat. Document WT/TPR/S/136, page 79.

disparities between the systems of the EU States “so as to ensure a high, equivalent and homogeneous level of protection in the internal market”⁵². The Directive, which does not cover criminal sanctions, followed the issuance of the Green Paper on Combating Counterfeiting and Piracy in the Single Market mentioned in Section ____ and an Action Plan in 2000. It applies to all type of intellectual property, but because the scope of rights covered by the Directive may have been unclear, the Commission issued a statement clarifying that the Directive covers a non-exhaustive list of intellectual property rights⁵³.

The Directive⁵⁴ goes beyond the TRIPS enforcement provisions in various aspects. Among others, the Directive deals with presumptions of ownership in copyright in a similar way to that in the Berne Convention⁵⁵ but also extends the presumption to holders of related rights. Regarding evidence, judicial authorities may order the parties to present evidence subject to the protection of confidential information, in a similar way to TRIPS⁵⁶. TRIPS states that WTO Members may provide that judicial authorities shall have the authority to order the infringer to inform the identities of persons involved in the infringement of goods and of their channels of distribution. However, the Directive goes beyond the TRIPS Agreement when it obliges Members to provide that judicial authorities may order the infringer or any other person to disclose the origin and distribution networks of infringing goods, including names and addresses of persons, and quantities and prices of goods. Also, in cases of infringement on a commercial scale, it specifies that Member States must provide that judicial authorities may order the communication of banking, financial or commercial documents.

The Directive carries on: detailing provisional measures that build upon the TRIPS Agreement⁵⁷, also allowing Members to take measures to protect witnesses’ identity and detailing the grounds to adopt measures *inaudita altera parte*; provisions for the application and revocation of measures to preserve evidence; employment of corrective damages such as removal and destruction of goods in the line of TRIPS Article 46; determination of damages also in a similar way to TRIPS; and encouraging the development of codes of conduct by private parties.

⁵² Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights at [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0048R\(01\):EN:NOT](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0048R(01):EN:NOT).

⁵³ Statement by the Commission concerning Article 2 of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights (2005/295/EC). “The Commission considers that at least the following intellectual property rights are covered by the scope of the Directive: copyright, rights related to copyright, *sui generis* right of a database maker, rights of the creator of the topographies of a semiconductor product, trademark rights, design rights, patent rights, including rights derived from supplementary protection certificates, geographical indications, utility model rights, plant variety rights, trade names, in so far as these are protected as exclusive property rights in the national law concerned. http://eur-lex.europa.eu/LexUriServ/site/en/oj/2005/l_094/l_09420050413en00370037.pdf.

⁵⁴ For a good summary of the Directive see Linklaters, Newsflash at <http://www.linklaters.com/pdfs/publications/ipnews/may2006.pdf>.

⁵⁵ See Berne Convention, Article 15.1 at http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html.

⁵⁶ TRIPS, Article 43.1.

⁵⁷ TRIPS, Part III. Section 3.

The EU has also taken strong measures against cross border infringing goods. In 2003 the EU issued Council Regulation (EC) No 1383/2003 on customs action against goods infringing certain IPRs⁵⁸. This regulation replaced a previous one from 1994, which for instance, did not cover measures against infringement of plant varieties, geographical indications and appellations of origin. This Regulation establishes detailed provisions for action against import, export and re-export of goods infringing all types of intellectual property, in contrast to the TRIPS Agreement which mandates border measures only for cases of importation of counterfeiting trademarks and pirated copyrighted goods. In addition, while TRIPS states that *ex-officio* action by the competent authorities is optional, the Regulation makes it mandatory.

The enactment of the 2003 Regulation was complemented in 2004 with Commission Regulation (EC) No 1891/2004 implementing Council Regulation (EC) No 1383/2003⁵⁹ and latter on in December 2005, with an Action Plan on a *Customs response to latest trends in counterfeiting and piracy*⁶⁰, which suggest changes in legislation to prohibit travelers to “import low volume personal use items which may be counterfeit” (*de minimis* importations)⁶¹.

Finally, the EU has proposed a Directive on criminal measures⁶² to supplement the Enforcement Directive. This proposal has been questioned by the Dutch Parliament on grounds that it does not fall within the Community’s competence⁶³.

2.2.2.2 Initiatives abroad

The interest of the EU in enforcement outside its borders is not new. Indeed, the EC submitted “detailed proposals”⁶⁴ on enforcement in its proposal for a *Draft Agreement on Trade-Related Aspects of Intellectual Property Rights* during the Uruguay Round⁶⁵.

⁵⁸ Council Regulation (EC) No 1383/2003 of 22 July 2003 at http://eur-lex.europa.eu/LexUriServ/site/en/oj/2003/l_196/l_19620030802en00070014.pdf.

⁵⁹ Commission Regulation (EC) No 1891/2004 of 21 October 2004 at http://eur-lex.europa.eu/LexUriServ/site/en/oj/2004/l_328/l_32820041030en00160049.pdf.

⁶⁰ Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee on a Customs response to latest trends in Counterfeiting and Piracy of 10 November 2005, COM(2005) 479 final at [http://ec.europa.eu/taxation_customs/resources/documents/COMM_NATIVE_COM_2005_0479_3_en_ACTE.pdf#search=%22europa%20commission%20council%20%5BCOM\(2005\)%20479%20%22](http://ec.europa.eu/taxation_customs/resources/documents/COMM_NATIVE_COM_2005_0479_3_en_ACTE.pdf#search=%22europa%20commission%20council%20%5BCOM(2005)%20479%20%22).

⁶¹ In March 2006 the Council of the EU invited the Commission to implement the contents of the Communication. http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/c_067/c_06720060318en00010002.pdf.

⁶² Proposal for a European parliament and Council Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights at http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2005/com2005_0276en01.pdf.

⁶³ See IP-Watch “EU IP Enforcement Directive Questioned On Procedure”, 11 July 2006 at <http://www.ip-watch.org/weblog/index.php?p=354&res=1024&print=0>.

⁶⁴ Cottier, Thomas. Trade and Intellectual Property Protection in WTO Law – Collected Essays. p.34. Cameron May, London 2005.

Besides the efforts to harmonize Community legislation, the EU has engaged in several initiatives abroad. For instance, on November 2004 the EU launched a *Strategy to enforce Intellectual Property Rights in third countries*⁶⁶. In what resembles the United States' Special 301 Report, this key document proposes to identify priority countries where the Commission should concentrate its efforts on enforcement. Countries would be classified as source, transit and target countries, and would be included in a periodical list after consultation with different stake-holders⁶⁷.

Other proposed actions involve raising awareness of the impact of infringement, including the making available to other governments a "Guidebook on Enforcement of Intellectual Property Rights"⁶⁸; monitor the enforcement provision in TRIPS and bilateral agreements, including making them more operational in future agreements (see Box XX); emphasize the importance of enforcement to the EC through multilateral and bilateral dialogue, cooperation activities and joint actions with other countries; provide incentives and technical cooperation, which, instead of "demand-driven", should turn into "dialogue-driven". In this respect, intellectual property should be included in technical assistance programs, particularly in Latin America, assistance to "production countries" should focus on enforcement instead of on legislation and finally, the should be more coordination with other international agencies and countries; consider dispute settlement procedures in WTO or in bilateral agreements; and create public-private partnerships.

Box XX

Strategy to enforce Intellectual Property Rights in third countries
Proposed Actions: *Multilateral/Bilateral Agreements*

The EU will consult other trading partners regarding the possibility of launching an initiative in the TRIPs Council highlighting the fact that the implementation of TRIPs requirements in national laws has proven to be insufficient to combat piracy and counterfeiting, and that the TRIPs Agreement itself has several shortcomings.

For example, the TRIPs Council could consider in the future a number of actions to tackle the situation, including the extension of the obligation to make available customs measures to goods in transit and for

⁶⁵ GATT Document MTN/GNG/NG11/68 of 29 March 1990 at http://www.wto.org/gatt_docs/English/SULPDF/92100042.pdf.

⁶⁶ See the *strategy to enforce Intellectual Property Rights in third countries* of 10 November 2004 at http://trade.ec.europa.eu/doclib/docs/2004/november/tradoc_120025.pdf.

⁶⁷ The Commission conducted a survey in 2003 where it determined that the most problematic countries where Brazil, China, Indonesia, Russia, South Korea, Thailand, Turkey and Ukraine. See http://ec.europa.eu/comm/trade/issues/sectoral/intell_property/survey_en.htm.

⁶⁸ The Guide, written by Professor Michael Blakeney, Queen Mary Intellectual Property Research Institute, Queen Mary, University of London, combines definitions of terms related to enforcement, relevant international institutions dealing with enforcement, description of TRIPS enforcement measures, and best practices for enforcement with specific country examples. See http://trade.ec.europa.eu/doclib/docs/2005/april/tradoc_122641.pdf.

export.

Ensure a continued effort in the monitoring of the TRIPs compliance of legislation, in particular in the “priority” countries.

Revisit the approach to the IPR chapter of bilateral agreements, including the clarification and strengthening of the enforcement clauses. Although in designing the rules for each specific negotiation it is important to take into account the situation and the capacity of our partners, instruments such as the new EU Directive harmonizing the enforcement of IPR within the Community, as well as the new customs’ Regulation on counterfeit and pirated goods may constitute an important source of inspiration and a useful benchmark.

Raise more systematically enforcement concerns at Summit meetings and in the Councils / Committees created in the framework of these bilateral agreements. In order to allow the Commission to obtain an effective reaction from its counterparts, it is essential that it receives credible and detailed information from right-holders, either directly or via the EC Delegation or the embassies of the Member States in the countries concerned.

In June 2005 the EU submitted a proposal⁶⁹ in the TRIPS Council to discuss enforcement and one year later submitted a follow-up proposal to start discussion specifically on border measures⁷⁰. In brief, the proposal highlights the fact that since the birth of the WTO rules on border measures have not been changed. Because the TRIPS rules on border measures apply only to trademark and copyrighted goods, and only with respect to importation of those goods, the EU proposed to have an in-depth discussion on the application of border measures to all types of intellectual property, with respect to goods for export and in transit. Despite the proposal receiving support from developed countries, the proposal was opposed by several developing countries on grounds of lack of mandate, upsetting the balance in the Agreement, duplicating work done by other international organizations and deviating attention from issues for which there is mandate to negotiate⁷¹.

Notwithstanding the EU avoided any mention to amending the TRIPS Agreement, and even rejected the idea, the EU has mentioned in documents that there is a willingness to amend TRIPS. For instance, the *Strategy to enforce Intellectual Property Rights in third countries* specifically puts forward the possibility to amend TRIPS in this respect.

⁶⁹ See WTO document IP/C/W/448 submitted by the EU on June 2005.

⁷⁰ See WTO document IP/C/W/471 submitted by the EU on June 2005.

⁷¹ See minutes of the TRIPS Council meetings, WTO documents IP/C/M/48, IP/C/M/49 and IP/C/M/50.

3. The EU's bilateral and regional trade agreements

The context in which the trade agreements with intellectual property components are negotiated by the EU varies substantially, as they may be part of very different political and commercial processes. Some of the agreements are negotiated simply within the context of a particular bilateral relation; some are negotiated within a broader framework, such as the Barcelona Process with the neighboring Mediterranean countries, or the Cotonu Agreement with ACP countries; and some are negotiated within processes of integration towards accession of new members to the EU, such as the agreements with Croatia, Macedonia or Albania.

Despite the differences in context, the complexity and sophistication of the respective intellectual property provisions in the various types of agreements do not vary substantially from one agreement to the other. Indeed, the agreements are quite homogeneous, with relatively small variations between themselves. With very few exceptions, the provisions of the EU agreements do not incorporate substantive rights, exceptions to rights, terms of protection or commitments on enforcement. Instead, they are built, basically, on commitments to adhere to multilateral intellectual property agreements negotiated in the framework of WIPO, such as the Patent Cooperation Treaty (PCT) or the WIPO Internet Treaties. This simple structure of the EU's intellectual property chapters contrasts with the more aggressive approach of the United States of negotiating NAFTA/TRIPS type of chapters, which include substantial provisions in most of the intellectual property issues covered by the TRIPS Agreement, in many cases even going beyond traditional categories of IPRs included in TRIPS⁷².

In a very systematic manner, the most complete intellectual property chapters in the EU agreements conform to the following construction:

(a) a quite broad **definition** of IPRs for the purposes of the respective agreement, embodying “copyright including copyright in computer programs and in databases - and related rights, the rights related to patents, industrial designs, geographical indications including appellation of origins, trademarks, layout-designs (topographies) of integrated circuits, as well as protection of undisclosed information and protection against unfair competition as referred to in Article 10*bis* of the Paris Convention for the Protection of Industrial Property (Stockholm Act 1967)”⁷³;

(b) **Declaration of intent**, stating that the parties and confirm the “importance they attach to ensuring adequate and effective protection and enforcement of intellectual, industrial and commercial property rights”.

(c) A statement of the **desired level of protection**, which may take two distinct forms. By the first type of formula the parties commit to ensure adequate and effective protection of intellectual property rights in conformity with international standards (Cotonu agreement). Some agreements add the terms “highest” (e.g. Algeria, Chile, Israel, Jordan, Lebanon, Morocco, South Africa, Tunisia) or “prevailing” (e.g. Egypt). The second type of formula, mainly incorporated in

⁷² E.g. Issues dealing with domain names on the Internet; protection of encrypted program-carrying satellite signals; technological protection measures; liability of Internet service providers.

⁷³ See e.g. Article 169 of the EU – Chile Association Agreement.

agreements with candidate or potential candidate countries consists either in providing a level of protection similar to that existing in the EU, including effective means of enforcing such rights (e.g. Armenia⁷⁴, Azerbaijan⁷⁵, Georgia⁷⁶, Kazakhstan⁷⁷, Kyrgyz Republic⁷⁸, Russia⁷⁹, Ukraine⁸⁰, Uzbekistan⁸¹) or in approximating the present and future legislation to that of the Community in the area of intellectual property (Armenia⁸², Azerbaijan⁸³, Georgia⁸⁴, Kazakhstan⁸⁵, Kyrgyz Republic⁸⁶, Moldova⁸⁷, Ukraine⁸⁸, Uzbekistan⁸⁹).

There has been criticism about requiring developing countries to conform to the highest international standards. However, it seems to have a declaratory nature which would simply show the commitment of the respective towards the protection of IPRs⁹⁰. The EU has said that by incorporating this in the agreements, and at the same time, not including the highest standards, allows for flexibility to the Parties to adjust their legislation to higher standards if they wish, in accordance with Article 1.1 of TRIPS⁹¹.

(d) Accession to **multilateral treaties**. The most substantive parts of the intellectual property chapters consist, first, on the parties reaffirming the importance they attach to certain international intellectual property rights treaties. Usually, this confirmation will be at least with

⁷⁴ Partnership and Cooperation Agreement between the EC and Armenia, Article 42 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_armenia.pdf.

⁷⁵ Partnership and Cooperation Agreement between the EC and Azerbaijan, Article 42 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_azerbaijan.pdf.

⁷⁶ Partnership and Cooperation Agreement between the EC and Georgia, Article 42 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_georgia.pdf.

⁷⁷ Partnership and Cooperation Agreement between the EC and Kazakhstan, Article 42 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_kazakhstan.pdf.

⁷⁸ Partnership and Cooperation Agreement between the EC and Kyrgyz Republic, Article 43 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_kyrgyzstan.pdf.

⁷⁹ Partnership and Cooperation Agreement between the EC and the Russian Federation, Annex 10.1 at http://trade.ec.europa.eu/doclib/docs/2003/november/tradoc_114138.pdf.

⁸⁰ Partnership and Cooperation Agreement between the EC and Ukraine, Article 50 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_ukraine.pdf.

⁸¹ Partnership and Cooperation Agreement between the EC and Uzbekistan, Article 41 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_uzbekistan.pdf.

⁸² Supra 90, Article 43.

⁸³ Supra 91, Article 43.

⁸⁴ Supra 92, Article 43.

⁸⁵ Supra 93, Article 43.

⁸⁶ Supra 94, Article 44.

⁸⁷ See Partnership and Cooperation agreement between the European Union and Moldova, Article 50 at http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_moldova.pdf.

⁸⁸ Supra 92, Article 51.

⁸⁹ Supra 97, Article 42.

⁹⁰ See supra 58, p. 33.

⁹¹ See answer 34 of WTO document WT/REG164/5 “Association Agreement between the European Communities and Chile – questions and replies” submitted by the EC to the Committee on Regional Trade Agreements on 20 June 2006.

respect to the TRIPS Agreement and to the major treaties in Copyright (Berne Convention⁹²) and industrial property (Paris Convention⁹³). Secondly, parties will commit to accede to other international agreements before a number of years. The treaties in question are the Rome Convention⁹⁴, the Madrid Agreement⁹⁵, the PCT⁹⁶, the Geneva Convention⁹⁷, the Nice Agreement⁹⁸, the WCT⁹⁹, the WPPT¹⁰⁰, the Budapest Treaty¹⁰¹, the Madrid Protocol¹⁰², UPOV 1991¹⁰³, the Strasbourg Agreement¹⁰⁴, Vienna Agreement¹⁰⁵, Locarno Agreement¹⁰⁶, the EPC¹⁰⁷ and the PLT¹⁰⁸.

(e) In some occasions the parties include an **evolutionary clause** by which a council or committee, usually created by the same agreements, may oblige one party to accede to other treaties besides those expressly mentioned.

(f) Referral of **problems** in the area of IPRs to a committee, usually established in the same agreements, in order to reach a mutually agreed solution.

(g) Some agreements include a provision on **MFN** treatment.

(h) Usually, the trade agreements allow for **prohibitions or restrictions** on imports, exports and transit on grounds of protection of intellectual property (and public morality, protection of health, natural resources, etc.).

⁹² Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971);

⁹³ Paris Convention for the Protection of Industrial Property (Stockholm Act, 1967 and amended in 1979);

⁹⁴ International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome, 1961);

⁹⁵ Madrid Agreement concerning the International Registration of Marks (Stockholm Act, 1967 and amended in 1979);

⁹⁶ Patent Cooperation Treaty (Washington, 1970, amended in 1979 and modified in 1984);

⁹⁷ Convention for the Protection of Producers of Phonograms against Unauthorized Duplications of their Phonograms (Geneva 1971);

⁹⁸ Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks (Geneva, 1977 and amended in 1979);

⁹⁹ WIPO Copyright Treaty (Geneva, 1996);

¹⁰⁰ WIPO Performances and Phonograms Treaty (Geneva, 1996).

¹⁰¹ Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the purpose of Patent Procedures (1977, modified in 1980).

¹⁰² Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid, 1989).

¹⁰³ International Convention for the Protection of New Varieties of Plants (UPOV Geneva Act, 1991).

¹⁰⁴ Strasbourg Agreement Concerning the International Patent Classification (Strasbourg 1971, amended in 1979).

¹⁰⁵ Vienna Agreement establishing an International Classification of Figurative Elements of Marks (Vienna 1973, amended in 1985).

¹⁰⁶ Locarno Agreement establishing an International Classification for Industrial Designs (Locarno Union 1968, amended in 1979).

¹⁰⁷ European Patent Convention.

¹⁰⁸ Patent Law Treaty.

We will divide this section into six separate regional groups, following at least in part, the separation made by the Commission¹⁰⁹. Because other regional groupings do not have substantive trade agreements and hence intellectual property components, we will focus on the following groups: (i) candidate and potential candidates for accession to the EU (association agreements and stabilization and association agreements); (ii) African, Caribbean and Pacific states (ACP) (Cotonu Agreement and economic partnership agreements); (iii) the Gulf Cooperation Council; (iv) Agreements under the European Neighborhood Policy (partnership and cooperation agreements, and association agreements); (v) Latin America (association agreements); (vi) Others (cooperation, partnerships and declarations).

As we have said, the intellectual property provisions in all the EU's agreements are quite homogeneous varying only in minor details between them. It would be pointless and repetitive to describe each one of the agreements, so what we will attempt to do is to describe the context in which all of them are negotiated, and try to focus in a sufficiently representative geographical region.

For the following reasons we will focus on the group of *candidate and potential candidates for accession to the EU*:

This group is formed by seven countries, a number neither too short as the Latin American group (Chile and Mexico), neither too big as the ACP group of countries (78 countries);

All of these countries have trade agreements with the EU incorporating the above-mentioned type of intellectual property chapter (groups such as the ACP or the GCC do not have comprehensive IPRS chapters);

Despite them being at very different levels of integration with the EU, their commitments in intellectual property towards the EU are fairly similar;

Being this group at the highest level of interrelatedness and engagement with the EU, one could expect that the requests in intellectual property coming from the EU would reach its highest point. Therefore, it could be considered as a benchmark for future negotiations (although we make the point that in the future the EU could start negotiating substantive intellectual property standards);

No least, the relation with these countries, with respect to intellectual property, is not only defined by the respective trade agreements (i.e. stabilization and association agreements), but also by other instruments that help understand the circumstances surrounding the overall EU policy on intellectual property. The relation of the EU with other groups of countries doesn't necessarily include these instruments;

Finally, the most recent EU agreement was negotiated with one of the countries in this grouping, Albania.

¹⁰⁹ http://ec.europa.eu/comm/trade/issues/bilateral/regions/index_en.htm.

3.1 Candidate and potential candidates for accession to the EU

Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey

Regarding intellectual property, the accession of new members to the EU can be analyzed through basically three kinds of instruments. The accession is usually founded on an **association type of agreement** such as the one with Turkey and on **stabilization and association agreements** with south east Europe countries such as the Former Yugoslav Republic of Macedonia and Croatia. These agreements include broad issues, such as political dialogue, international and economic cooperation, and trade. These agreements include intellectual property chapters.

A second set of instruments are the **Accession Partnerships** which set principles, priorities and conditions that should be fulfilled by candidate states, including short and medium term priorities in intellectual property rights.

The third set of instruments are the **Progress Reports**, on concrete progress made by these countries in the implementation of the Accession Partnerships. The Reports have fairly detailed information on intellectual property developments in the respective country.

3.1.1 Accession Partnerships and Progress Reports

Accession Partnerships are a “key feature of the enhanced pre-accession strategy” which seeks to align applicant states as far as possible to the Union *acquis* prior to accession.¹¹⁰ Negotiations for accession take account of progress made measured against implementation of the Partnerships, through the Progress Reports. The EU and the respective candidate can assess the overall level of alignment of the country with the EU’s Treaties, legislation and policies. The Reports have fairly detailed information on intellectual property developments in the respective country.

For instance, the 2005 **Croatia** Progress Report informs that “protection of regulatory data has been introduced, albeit for a six-year term where the *acquis* provides for a ten-year term”¹¹¹. The Reports also provide an opportunity to the EU to update priorities in the Partnerships, such as the one made through Council Decision 2006/145/EC of 20 February 2006¹¹² on the accession of Croatia. This Decision/Partnership stated among the short term priorities the improvement of enforcement, “notably by strengthening administrative capacity, including in law enforcement

¹¹⁰ See the Presidency Conclusions of the European Council meeting in Luxembourg on 12 and 13 December 1997 at http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/032a0008.htm.

¹¹¹ See the 2005 Croatia Progress Report at http://ec.europa.eu/enlargement/key_documents/pdf/2005/package/sec_1424_final_en_progress_report_hr.pdf.

¹¹² 2006/145/EC - Council Decision of 20 February 2006 on the principles, priorities and conditions contained in the accession partnership with Croatia and repealing Decision 2004/648/EC at http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_055/l_05520060225en00300043.pdf.

agencies and the judiciary”. Among the medium term priorities, enforcement again appears high in the agenda, through its strengthening to fight and reduce piracy and counterfeiting, and “complete alignment in the field of intellectual and industrial property rights”.

Table*
Accession Partnerships and Progress Reports**

	Accession Partnerships	Progress Reports
Albania	No	Enforcement should be enhanced
Bosnia and Herzegovina	No	Reports separation of industrial and intellectual property offices; signing of cooperation agreement with EPO; reports actions against piracy; implementation and enforcement of legislation needs to be enhanced
Croatia	Short term: Improvement of enforcement, by strengthening administrative capacity, including in law enforcement agencies and the judiciary Medium term: Enforcement through the strengthening of enforcement to fight and reduce piracy and counterfeiting, and “complete alignment in the field of intellectual and industrial property rights.	Reports increase in IP Office staff and in IT infrastructure; reports issue of regulations on authorization of collecting societies; largely in line with EU copyright legislation; should reinforce copyright department; reports approval of the Patent Law Treaty and adoption of patent legislation; largely in line with EU industrial property legislation; should regulate biotechnological inventions and align timing of application of supplementary protection certificate; reports increase in patent examiners; backlog of pending applications in patents, trademarks and designs; reports implementation of protection of regulatory data but only for six years, instead of 10 in the EU; should focus on strengthening enforcement.
Macedonia	Short term: Establish credible enforcement record; ensure effective and dissuasive application of fines and other sanctions; to this end allocate adequate resources for law enforcement, prosecution and the courts. Medium term:	Reports agreement with EPO; largely in line with EU copyright legislation but insufficient regulation of collective management and enforcement; reports lack of rules for biotechnological inventions and no patenting of software; no reliable statistics on enforcement; small number of decisions on infringement and no application of

	No priorities.	legislation providing for destruction of manufacturing equipment.
Montenegro ¹¹³	No	Vigorous enforcement actions must be pursued; insufficient administrative capacity of the IP Office; no progress on IP in Kosovo.
Serbia	No	

Turkey	<p>Short term: Improve enforcement by reinforcing administrative and cooperation capacities of authorities; address in particular counterfeiting of trademarks, especially for automotive spare parts and luxury goods, and also piracy of books; find solution to pending generics applications in the pharmaceutical sector.</p> <p>Medium term: Complete alignment and improve enforcement.</p>	Progress in control of undertakings that manufacture media for reproduction and fixation of copyrighted works; Alignment is advanced and has improved; improvement on enforcement, but it is still the weakest aspect, especially in customs; there should be more coordination between authorities for enforcement; should improve regulation of collecting societies; reports accession to the TLT and Hague Agreement; also, raising awareness among public; high level of counterfeiting trademarks, designs and printing piracy; reports adoption of data exclusivity for pharmaceuticals but with serious deficiencies with regards EU law.
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* Table based on the 2005 Enlargement Strategy Paper of the Commission of the European Communities from 9 November 2005 - COM (2005) 561 final¹¹⁴; for Macedonia on the Analytical Report for the Opinion on the Application from the former Yugoslav Republic of Macedonia for EU Membership of the Commission of the European Communities from 9 November 2005 - COM (2005) 562 final¹¹⁵.

**The Commission reported on 25 October 2005 on its monitoring of Bulgaria's and Romania's progress (see the Commission Communication COM (2005) 534)

¹¹³ The 2005 Enlargement Strategy Paper reported jointly on Montenegro and Serbia, including Kosovo.

¹¹⁴ See the 2005 Enlargement Strategy Paper at http://ec.europa.eu/enlargement/key_documents/pdf/2005/package_v/com_561_final_en_strategy_paper.pdf.

¹¹⁵ See the Analytical Report for the Opinion on the Application from the former Yugoslav Republic of Macedonia for EU Membership at http://ec.europa.eu/enlargement/key_documents/pdf/2005/package/sec_1425_final_en_analytical_report_mk.pdf.

3.1.2 Association Agreements

The EU's overall policy towards the candidate countries (Croatia and the Former Yugoslav Republic of Macedonia) and towards the potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro and Serbia), has been covered by the Stabilization and Association Process (SAP). Under the SAP for the Western Balkans the EU enacted Association and Accession Partnerships mentioned in Section 6.1.1. But another important element of the SAP are the Stabilization and Association Agreements.

On the contrary to the Accession Partnerships, which could be considered to have recommendations for action, the Association Agreements do have specific obligations on intellectual property (see chart). The EU has negotiated such agreements with Croatia¹¹⁶, the Former Yugoslav Republic of Macedonia¹¹⁷ and with Albania¹¹⁸, and is negotiating with Bosnia and Herzegovina (Feasibility Study approved), Montenegro and Serbia.

3.1.3 Turkey

While already having started negotiations for accession, Turkey's relation with the EU is governed by the Agreement establishing an Association between the European Economic Community and Turkey from 1963, by the EU – Turkey Custom Union of 1995¹¹⁹ (see chart with the content of the Association Agreements) and also by an Accession Partnership¹²⁰ which replaced previous ones from 2001 and 2003. The short term priorities in intellectual property stated in the Partnership are to “improve enforcement of the legislation on intellectual property rights, by reinforcing administrative capacity and coordination including law enforcement agencies and the judiciary. Address in particular counterfeiting of trade marks, especially relating to automotive spare parts and luxury goods, as well as piracy, especially with regard to books, and other media” and “agree to a mutually acceptable solution with the EU on the pending generics applications in the pharmaceutical sector”. The middle term priority is to “complete alignment and ensure the enforcement of intellectual property rights by strengthening enforcement structures and mechanisms, including enforcement authorities and the judiciary”.

¹¹⁶ The SAA between the EU and Croatia was signed on 29 October 2001 and entered into force on 1 February 2005.

¹¹⁷ The SAA between the EU and the FYR of Macedonia was signed on 9 April 2001 and entered into force on 1 April 2004.

¹¹⁸ The SAA between the EU and Albania was signed on 12 June 2006. While it is ratified, an Interim agreement will allow trade and trade related provisions to enter into force.

¹¹⁹ See Decision No 1/95 of the EC-Turkey Association Council of 22/12/1995 on implementing the final phase of the Customs Union. http://ec.europa.eu/enlargement/turkey/pdf/ec_tk_ass_council_1_95_en.pdf.

¹²⁰ http://ec.europa.eu/enlargement/turkey/pdf/revised_ap_en.pdf.

**Existing Stabilization and Association Agreements of
 candidate and potential candidates for accession to the EU**

	Croatia	Macedonia	Albania ¹²¹	Turkey
Definition of IPRs	Includes in particular copyright, included the one in software, neighboring rights, databases, patents, industrial designs, trade and service marks, topographies, GIs, including Apellations of origin, unfair competition, undisclosed information ¹²² .	Same definition. ¹²³	Same definition. ¹²⁴	Same definition. ¹²⁵
Importance of IPRs	Confirm the importance of ensuring adequate and effective protection and enforcement of IPRs.	Same provision ¹²⁶ .	Same provision ¹²⁷ .	Same provision ¹²⁸ . Also, recognition that Customs Union can function properly only if both Parties provide equivalent levels of effective protection of IPRs.
Level of protection	Shall take necessary measures to guarantee level	Same provision ¹²⁹ .	Same provision ¹³⁰ .	Turkey shall continue to improve the effective protection of IPRs to secure

¹²¹ Until the signing of the SAA in June 2006, the relation between EU and Albania was covered by a Trade, Commercial and Economic Co-operation Agreement which entered into force on 4 December 1992.

¹²² EU – Croatia SAA, Joint Declaration concerning Article 71.

¹²³ EU - FYR of Macedonia SAA, Joint Declaration concerning Article 71.

¹²⁴ EU – Albania SAA, Joint Declaration concerning Article 73.

¹²⁵ EU – Turkey Customs Union, Annex 8, Article 10.1.

¹²⁶ EU - FYR of Macedonia SAA, Article 71.1.

¹²⁷ EU – Albania SAA, Article 73.1.

¹²⁸ EU – Turkey Customs Union, Article 31.1.

	of protection similar to the Communities', including enforcement.			level of protection equivalent to that of the Communities ¹³¹ .
Evolutionary clause	Stabilization and Association Council (SAC) ¹³² may oblige Croatia to accede to specific multilateral treaties.	SAC may decide that Macedonia will accede to other treaties besides those enumerated in Annex VII.	SAC may oblige Albania to accede to specific multilateral treaties ¹³³ .	Association Council may decide that Turkey will accede to other treaties besides those enumerated in Annex 8.
Consultation Process	If problems arise, either Party may refer it to the SAC for mutually satisfactory solution.	Same provision.	Same provision.	No specific consultations mechanism.
Cooperation in Audiovisuals	Harmonization with the Community on regulation of content aspects of cross-border broadcasting, paying attention to acquisition IPRs for programs and broadcast by satellite or cable.	Coordination, and where appropriate harmonization on regulation of content aspects of cross-border broadcasting, paying attention to acquisition IPRs for programs and broadcast by satellite or cable.	Similar provision to Croatia's, adding terrestrial frequencies.	No provision.
Cooperation	Cooperation in scientific	Similar provision.	Similar provision.	No specific cooperation in IPRs.

¹²⁹ EU - FYR of Macedonia SAA, Article 71.2.

¹³⁰ EU – Albania SAA, Article 73.2.

¹³¹ EU – Turkey Customs Union, Annex 8, Article 2.

¹³² The Stabilization and Association Council consists of members of the Council of the EU, the EU's Commission and the Government of Croatia. Its main task is to supervise the application and implementation of the Agreement. See Article 110 of the SAA between the EU and Croatia.

¹³³ EU – Albania SAA, Article 73.3 and Annex V.1.

	research and technological development subject to effective protection of IPRs. Implemented through specific arrangements with IPRs provisions.			
Prohibitions	Allows prohibitions or restrictions on imports, exports and transit on grounds of protection of IPRs. They shall not constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.	Same provision.	Same provision.	No provision.
Commitments to specific multilateral agreements	Confirm the importance of: Paris Convention; Berne Convention; Rome Convention; Madrid Agreement; PCT; Geneva Convention; Nice Agreement; WCT; WPPT.	1) Confirm the importance of: Paris Convention; Berne Convention; Rome Convention; Madrid Agreement; PCT; Geneva Convention;	1) Confirm the importance of: Paris Convention; Berne Convention; Rome Convention; Madrid Agreement; PCT; Nice Agreement;	1) Confirm the importance of: TRIPS 2) Turkey shall accede to: Berne Convention; Rome Convention; Paris Convention; Nice Agreement; PCT; Madrid Protocol; Budapest Treaty; UPOV 1991.

		<p>Nice Agreement; WCT; WPPT.</p> <p>2) Macedonia undertakes to accede to: Budapest Treaty; Madrid Protocol; UPOV 1991.</p>	<p>Budapest Treaty; Madrid Protocol; WPPT; EPC; PLT; TRIPS</p> <p>2) Albania undertakes to accede to: WCT; Geneva Convention; UPOV 1991.</p>	
Substantive provisions	No substantive provisions.	No substantive provisions.	No substantive provisions.	Turkey shall adopt legislation equivalent to the EU's in the following areas: Copyright: legislation in line with the Council Directives on Term of Protection ¹³⁴ , Neighboring Rights ¹³⁵ , Rental and Lending Rights ¹³⁶ ,

¹³⁴ Council Directive 93/98/EEC (OJ No L 290 of 24 November 1993).
¹³⁵ Council Directive 92/100/EEC (OJ No L 346 of 27 November 1992).
¹³⁶ 92/100/EEC (OJ No L 346 of 27 November 1992).

				<p>Protection of Computer Programs as Literary Works¹³⁷, Works transmitted by cable or satellite¹³⁸ and protection of Databases¹³⁹.</p> <p>Patents: legislation which provides compulsory licensing with TRIPS standards, patentability of all inventions and 20 years of protection since filing.</p> <p>Trademarks: legislation in line with the Council Directive on Trademarks¹⁴⁰.</p> <p>Designs: legislation in line with EU law¹⁴¹ and accelerates entry into force of TRIPS Part II, Section 4.</p> <p>GIs: legislation in line with EU law.</p> <p>Others: legislation in line with EU law on Topographies of Semiconductors¹⁴²; know-how and trade secrets; and plant variety rights.</p>
Enforcement	No.	No.	No.	Accelerates the entry into force of TRIPS Part III (Enforcement). Also, legislation on border measures.

¹³⁷ Council Directive 91/250/EEC (OJ No L 122 of 17 May 1991).

¹³⁸ Council Directive 93/83/EEC (OJ No L 248 of 6 October 1993).

¹³⁹ Council Directive 96/9/ (OJ L 77 of 11 March 1996).

¹⁴⁰ Council Directive 89/104/EEC (OJ No L 40 of 11 February 1989).

¹⁴¹ Council Regulation (EC) (OJ No 6/2002 of 12 December 2001).

¹⁴² Council Directive 87/54/EEC (OJ No L 24 of 27 January 1987).

NMF	TRIPS – like provision.	Same provision.	Same provision.	No
Agreement on wine & Spirits	No.	No.	Yes.	No.

3.2 African, Caribbean and Pacific (ACP) states

Cotonou Agreement and South Africa

3.2.1 The Cotonou Agreement and the EPAs

The EU trade relations with 76 of the ACP Members (since 2000 Cuba is part of the ACP but is not part of the Agreement and South Africa is not part to the agreement) are governed by the Cotonou Agreement. The Cotonou Agreement has very simple provisions on IPRs. First of all the Parties commit to ensure adequate and effective protection of intellectual property rights in conformity with international standards and they underline the importance of adherence to the TRIPS Agreement, the Convention on Biological Diversity (CBD) and to the conventions mentioned in TRIPS (Paris, Berne, Rome, and the Treaty on Intellectual Property in Respect of Integrated Circuits in “line with their level of development). They go on to stating that the Parties may conclude agreements on protection of trademarks and GIs for specific products. Finally, the Agreement includes the standard definition of IPRs mentioned supra.

The Cotonou Agreement is being replaced by Economic Partnership Agreements (EPA), which started to be negotiated in 2002 are supposed to enter into force in 2008. For the negotiations of the EPAs, the ACP countries have divided themselves in ____ regions: (i) the Economic Community of West Africa (ECOWAS) plus Mauritania; (ii) Central Africa (Communauté Economique et Monétaire de l’Afrique Centrale or CEMAC) plus São Tomé and Príncipe; (iii) Eastern and Southern Africa ; (iv) The Southern African Development Community (SADC); (v) the Caribbean; and (vi) the Pacific.

3.2.2 South Africa

Because South Africa is not part of the Cotonou Agreement (some aspects of its economy are more similar to a developed economy) the EU and South Africa signed Agreement on Trade, Development and Cooperation (TDC) on 11 October 1999, and entered into force provisionally on 1 January 2000. It came into full operation in May 2004.

The chapter on IPRs follows the same structure as the one described above. This is, definition, declaration on desired level of protection (highest standards), consultations, cooperation, and adherence to treaties (Nice, Berne, Geneva, Budapest, Paris and WCT).

Lately, as part of a broader strategic partnership, the EU is seeking to amend the agreement to include further liberalization and cooperation¹⁴³.

¹⁴³<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/869&format=HTML&aged=0&language=EN&guiLanguage=en>.

3.3 The Gulf Cooperation Council

United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait

In 1990 the EU started negotiations with the Gulf Cooperation Council (GCC)¹⁴⁴ towards the signing of a free trade agreement, which would include matters related to IPRs. Until today, the trade relations between both parties are based on a Cooperation Agreement between the EC and the countries of the GCC¹⁴⁵. The cooperation agreement does not include substantive provisions on IPRs. Instead, it simply states the commitment of the Parties to encourage and facilitate “the transfer and development of technology, in particular through joint ventures between undertakings and institutions in the two regions (research, production, goods and services), and to this end, and in the framework of their respective legislation, appropriate arrangements between undertakings and institutions within the Community and those of the GCC countries, with a view to protecting patents, trademarks and other intellectual property rights”.

3.4 Agreements under the European Neighborhood Policy

Russia, Belarus, Moldova, Ukraine, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan,
Uzbekistan Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority,
Syria, Tunisia

On November 2003 the EU launched the European Neighborhood Policy¹⁴⁶, by which countries surrounding the EU would be offered closer economic integration with the EU. The Neighborhood Policy originally included Russia, the countries of the Western Newly Independent States or WNIS (i.e. Belarus, Moldova and Ukraine) and the countries of the Southern Mediterranean (i.e. Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria, Tunisia). Later on, in June 2004 it incorporated countries from the Southern Caucasus (i.e. Armenia, Azerbaijan and Georgia).

Currently, the relation of the EU with each country of the Southern Mediterranean is based on Association Agreements (AA)¹⁴⁷. The relation of the EU with Russia, WNIS and the Southern

¹⁴⁴ The GCC is comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE).

¹⁴⁵ “Cooperation Agreement between the European Economic Community, of the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part” at

http://ec.europa.eu/comm/trade/issues/bilateral/regions/gcc/eu_gcc_agr_en.htm.

¹⁴⁶ “Wider Europe – Neighborhood: A new Framework for relations with our Eastern and Southern Neighbors” at http://trade.ec.europa.eu/doclib/docs/2004/july/tradoc_111610.pdf.

¹⁴⁷ For a complete list and texts of the Mediterranean AAs go to http://ec.europa.eu/comm/trade/issues/bilateral/regions/euromed/aa_en.htm.

Caucasus, on the other hand, is based on Partnership and Cooperation Agreements (PCA). But PCAs are not exclusive to Russia, WNIS and the Southern Caucasus as three countries from Central Asia, Kazakhstan, Kyrgyzstan and Uzbekistan, also have this type of agreements in force¹⁴⁸. The Neighborhood Policy seeks to establish Action Plans with each of these countries, which could eventually lead to next generation European Neighborhood Agreements.

Both the AA and the PCAs have specific chapters on IPRs. All of the specific chapters follow exactly the same structure as the one described in Section _____.

3.5 Latin America

Chile and Mexico

The EU currently has negotiated agreements with two Latin-American countries, Chile and Mexico and has been negotiating with the Southern Common Market or Mercosur (Argentina, Brazil, Paraguay and Uruguay) since 2000. In May 2006 the EU decided to launch negotiations for an association agreement with Central American countries and is exploring the possibility to do the same with countries of the Andean Community.

The Agreements with Chile (2003) and Mexico (2000) also follow the same structure as described above.

3.6 Others

3.6.1 Cooperation agreements and programs

The EU has a cooperation program on intellectual property with the Association of Southeast Asian nations or ASEAN (<http://www.ecap-project.org/>) which seeks to promote and protect intellectual property.

3.6.2 Strategic Partnerships

The purpose of Strategic Partnerships, such as the one between the EU and India, is to enhance political dialogue and cooperation, enhance economic policy dialogue and cooperation, bring together people and cultures and develop trade and investment.

¹⁴⁸ For a complete list and texts of the PCAs go to http://ec.europa.eu/comm/external_relations/ceeca/pca/index.htm.

These Partnerships have broad commitments on various areas, one of which is intellectual property. For instance, the EU – India Strategic Partnership¹⁴⁹, signed on September 2005, provides for the establishment of a High Level Trade Group to study ways to deepen bilateral trade, including the possible launch of negotiations for a trade agreement. More specifically, both parties reaffirmed the “importance to achieving effective and comprehensive protection of geographical indications” and committed to exchange information on their respective regimes, hold experts meetings and strengthen cooperation on GIs. Besides this, they also committed to create a forum exchange information and to open a dialogue to discuss intellectual property policy, regulatory issues, enforcement, general objectives and/or framework. It would also cover technical assistance and capacity building initiatives.

3.6.3 Joint declarations on relations

The purpose of the declarations, such as the Joint Declaration on Relations between the EU and Australia, is to reaffirm specific principles, such as respect and protection of human rights, international peace, free and open markets. Also, to promote dialogue and cooperation in specific areas, such as environment, employment, science and culture, development, and trade and economic cooperation. With respect to this last point the EU – Australia Declaration states that they will strengthen bilateral dialogue on “the protection of traditional expressions as provided for in the Wine Agreement (and) the protection of geographical indications in conformity with the WTO TRIPS Agreement”¹⁵⁰.

4. Wine and spirits agreements

As we have seen, one of the main interests of the Community in the field of intellectual property is the protection of geographical indications. Besides harmonizing the EC law, this interest is also reflected internationally by way of attempting to raise the level of protection of GIs in the WTO and also by pursuing the protection of specific GIs in bilateral trade agreements.

To date, the EU has negotiated close to 6 specific agreements on protection of GIs¹⁵¹ (e.g. Australia¹⁵², Canada¹⁵³, Chile¹⁵⁴, Mexico¹⁵⁵, South Africa¹⁵⁶ and the United States¹⁵⁷)¹⁵⁸, only relating to wines and

¹⁴⁹ See the *Joint Action Plan of the India - EU Strategic Partnership* at <http://commerce.nic.in/India-EU-jap.pdf> or http://trade.ec.europa.eu/doclib/docs/2005/september/tradoc_124785.pdf.

¹⁵⁰ See the *Joint Declaration on Relations between the EU and Australia* http://www.delaus.ec.europa.eu/eu_and_australia/jointdeclaration/97jointdeclarationprint.htm.

¹⁵¹ See http://ec.europa.eu/agriculture/markets/wine/third/index_en.htm.

¹⁵² Agreement between Australia and the European Community on Trade in Wine at <http://www.austlii.edu.au/au/other/dfat/treaties/1994/6.html>.

¹⁵³ Agreement between the European Community and Canada on trade in wines and spirit drinks at http://eur-lex.europa.eu/LexUriServ/site/en/com/2003/com2003_0377en01.pdf.

¹⁵⁴ Association Agreement between the European Union and Chile at http://www.sice.oas.org/Trade/chieu_e/cheuin_e.asp.

¹⁵⁵ Agreement between the European Community and the United Mexican States on the mutual recognition and protection of designations for spirit drinks at

spirits. One may not rule out that in the future the EU may seek and achieve protection of GIs for other types of products, mainly agricultural products and foodstuffs. The wine and spirits agreements may be negotiated in the context of much broader framework agreements (e.g. Agreements between the EU and Chile and between the EU and Switzerland¹⁵⁹) or may be stand-alone sectoral agreements (e.g. Agreements between the EU and Australia and between the EU and Mexico).

The substance of the agreements on wine and spirits may vary depending on whether the agreements cover wines and/or spirits, whether they provide protection for GIs and/or traditional expressions (TE)¹⁶⁰, and whether they include other matters besides the mutual recognition and protection of GIs (e.g. oenological practices, market access, sanitary and phytosanitary measures). They may also range from agreements which for example, deal only with custom duties and tariff quotas, such as the one between the EC and Bulgaria, Hungary and Romania¹⁶¹, to very comprehensive agreements covering a wide range of issues. We will only focus on those agreements that have intellectual property components, mainly the mutual recognition of GIs.

The main purpose of the EU agreements on wine and spirits is the mutual recognition of specific GIs and also the phasing out of terms of European origin which sometimes have acquired generic or descriptive status in the other party. The later has been among the most controversial aspects of the agreements, together with the disproportionate number of terms the EU has included in the agreements. For instance, in the Agreement between the EU and Mexico, the EU included close to 200 GIs against 2 Mexican GIs (Tequila and Mezcal), while in other agreements the number amounts to thousands of EU GIs. Another controversial issue of these agreements is the protection of the so called traditional

[http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=21997A0611\(01\)&model=guichett](http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=21997A0611(01)&model=guichett).

¹⁵⁶ Agreement between the European Community and the Republic of South Africa on trade in wine at and Agreement between the European Community and the Republic of South Africa on trade in spirits at http://ec.europa.eu/agriculture/markets/wine/third/index_en.htm.

¹⁵⁷ Agreement between the European Community and the United States of America on trade in wine http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_087/l_08720060324en00020074.pdf.

¹⁵⁸ The EU and Albania negotiated a comprehensive agreement on wine and spirits in the context of the Stabilization and Association Agreement. See *Agreement between the European Community and the Republic of Albania on the Reciprocal Recognition, Protection and Control of Wine, Spirits Drinks and Aromatized Wine Names* at <http://ec.europa.eu/enlargement/albania/pdf/st08164.en06.pdf>.

¹⁵⁹ Agreement between the European Community and the Swiss Confederation on trade in agricultural products at [http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=22002A0430\(04\)&model=guichett](http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=22002A0430(04)&model=guichett).

¹⁶⁰ Traditional expression “means a traditionally used name...referring in particular to the method of production or to the quality, color, type or place, or a particular event linked to the history of the wine concerned and recognized by the laws and regulations of a Contracting Party for the purpose of describing and presenting such a wine originating in the territory of that Contracting Party” Agreement on trade in wine between Chile and the European Community, Article 3(c).

¹⁶¹ Council Regulation (EC) No 678/2001 of 26 February 2001 concerning the conclusion of Agreements in the form of Exchanges of Letters between the European Community and the Republic of Bulgaria, the Republic of Hungary and Romania on reciprocal preferential trade concessions for certain wines and spirits, and amending Regulation (EC) No 933/95 at http://europa.eu.int/eur-lex/pri/en/oj/dat/2001/l_094/l_09420010404en00010017.pdf.

expressions. These are terms not necessarily related to a specific geographical region, but rather having to do with methods of production and characteristics of a wine or spirit, such as Clos, Viejo (Spanish for old), Clásico, Superiore, Ruby or Tawny. Traditional expressions have not been recognized in multilateral treaties. Moreover, in some cases, the Parties obliged themselves to protect terms describing an ingredient of the particular product (e.g. rye whisky for Canada, safeguarding use of the same terms for the United States)¹⁶².

The case of the agreement on wines between the EU and the United States is of particular interest, as it does not refer to geographical indications, but instead treats them as “names of origin”. It is worth noting that the effects of the agreement are very similar to the rest of the wine agreements, even though the result is reached through labeling requirements (protection and phasing out of certain terms by limiting the use in the United States of names of European origin which are considered semi-generic in the United States)¹⁶³. The purpose of avoiding mention of geographical indications may have been to avoid extending MFN and national treatment to other WTO members¹⁶⁴. The Parties to this Agreement committed themselves to negotiate a second phase of the agreement which would include “a dialogue on geographical indications in connection with wine, with a view to better understanding each other’s policy”¹⁶⁵.

The agreements differ one from another¹⁶⁶, but the more comprehensive agreements have a similar structure and substance. The basic obligation consists on the Parties committing themselves to ensure the reciprocal protection of the names and to provide the appropriate legal means to ensure effective protection.

¹⁶² See article 17 of the Agreement between the European Community and Canada on trade in wines and spirit drinks: “By the end of a transitional period of two years from the date of entry into force of this Agreement, the Community shall recognise rye whisky as referring only to spirit drinks originating in Canada and shall not permit the use of this name on spirit drinks not originating in Canada”.

¹⁶³ See the European Commission press release of 15 September 2005 at <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/1145&type=HTML&aged=0&language=EN&guiLanguage=en>.

¹⁶⁴ Article 12.4 of the Agreement between the European Community and the United States of America on trade in wine states that the article providing the substantive protection “shall not be construed in and of themselves as defining intellectual property or as obligating the Parties to confer or recognize any intellectual property rights. Consequently, the names listed in Annex IV are not necessarily considered, nor excluded from being considered, geographical indications under US law, and the names listed in Annex V are not necessarily considered, nor excluded from being considered, geographical indications under Community law.

¹⁶⁵ See Joint Declaration on Future Dialogues, Agreement between the European Community and the United States of America on trade in wine.

¹⁶⁶ Guy, Steve. *Recent Developments in Market Access Facilitation*. Presentation at the National Wine Export Conference, May 2005, Australia Wine and Brandy Corporation at <http://www.dftwid.qld.gov.au/Documents/Wine-Conf+Presentations/Day+2-Stream+1-Guy.ppt#1>.

The commitments to phase-out the use of certain names is usually accompanied by transitional periods and conditions depending, for example, on whether production is destined for internal consumption or for export, or whether production will be marketed by wholesalers or retailers.

The agreements usually permit for coexistence of homonymous GIs, even with respect to GIs from third parties, ensuring fair treatment for the producers involved, avoiding misleading of consumers and determining practical conditions of use to differentiate the GIs¹⁶⁷ following the TRIPS Article 23.3. In some agreements, this rule is with the proviso that the GIs in question have “been used traditionally and consistently”¹⁶⁸.

In some of the agreements the Parties have expressly given up the possibility of using certain exceptions authorized by the TRIPS Agreement (e.g. agreements with Mexico and Switzerland), but usually have preserved at least the exceptions for use of personal names of TRIPS Article 24.8 and the exception to protect GIs which are not protected in their country of origin.

¹⁶⁷ E.g. EU – Mexico Agreement on Trade in Wines, Article 6; EU – Canada Agreement on Trade in Wines, Article 34.1(b).

¹⁶⁸ E.g. EU – South Africa Agreement on Trade in Wines, Article 7.4; EU – Chile Agreement on Trade in Wines, Article 5.4;

**Issues included in the Agreements on Wine and Spirits
 directly related to protection of GIs**

	Signed / entered into force	Wines (W) and/or Spirits (S)	Mutual recognition of GIs and/or TE	Give up TRIPS exception (expressly)	Preserve TRIPS exception (expressly)	Homonymous	Prohibition of exports	Progressive phase out
Australia ¹⁶⁹	1994	W	GIs/TE		24.6 and products of vine 24.8 personal name 24.9 unprotected in country of origin	Yes	Yes	Yes
Canada	2003	W & S	GIs		24.6 generics and products of vine 24.7 conflicting trademark 24.8 personal name 24.9 unprotected in country of origin	Yes	Yes	Yes
Chile	2002	W & S	GIs/TE		24.8 personal name 24.9 unprotected in country of origin	Yes	Yes	Yes
Mexico	1997	S	GIs	24.4 grandfather clause 24.5 trademarks 24.6 generics and products of vine 24.7 conflicting trademark	24.8 personal name 24.9 unprotected in country of origin	Yes	Yes	Yes

¹⁶⁹ Australia and the EU are currently negotiating a revised agreement on trade in wines. The EU sought to protect 725 GIs that were not included in the 1994 agreement. See the list and procedure for objecting at http://www.awbc.com.au/library/Alert_European_GI_Objections.pdf (deadline was October 2005).

South Africa	2002	W & S	GIs		24.8 personal name 24.9 unprotected in country of origin	Yes	Yes	Yes
Switzerland	2002	W & S	GIs/TE	24.4 grandfather clause 24.5 trademarks 24.6 generics and products of vine 24.7 conflicting trademark		Yes	Yes	Yes
U.S.	2006	W	GIs /names of origin/TE		24.4 grandfather clause 24.8 personal name	Yes	No	Yes

**Other issues included in the Agreements on Wine and Spirits
 Not directly related to protection of GIs**

	Dispute Settlement	Oenological practices	Import certification requirements	Sanitary & phytosanitary	Market access
Australia	Only consultations	Yes	Yes	Yes	No
Canada	First, refer issue to an organization. Second, arbitration	Yes	Yes	No	No
Chile	General procedure of the Ass. agreement	Yes	Yes	Yes	No
Mexico		No	No	No	No
South Africa	First, refer issue to an organization. Second, arbitration	Yes	Yes	No	Yes
Switzerland	General procedure of the Ass. Agreement	Yes	No	No	No

	(consultation)				
U.S.		Yes	Yes	No	No

5. Implications for developing countries and strategic considerations for negotiators, policy makers and relevant stakeholders

We have seen that the intellectual property chapters in the EU's agreements follow a very consistent structure, built on the confirmation of the importance and the commitments to accede to certain multilateral treaties negotiated in the framework of WIPO. Compared to the US' agreements (which also incorporate obligations to accede to treaties), the EU agreements are relatively simple and should have much less implications than those of the US. Of the pool of treaties in question, only some of them entail substantive intellectual property standards (e.g. UPOV, WCT, and WPPT). Others are so-called classification treaties which create classification systems that organize information concerning the respective type of IPRs (Strasbourg, Vienna, Locarno and Nice Agreement). The third group of treaties is the so-called global protection treaties, whose only purpose is to "facilitate that one international registration or filing will have effect in any of the relevant signatory States"¹⁷⁰ (e.g. PCT, Madrid System, and Budapest).

Of the later, the PCT has received some critics because it facilitates a system where developing countries don't have much to gain as the participation of developing in patent figures is very low. Also, that it could entail problems to developing countries because many inventions never make it to the national phase after a very long priority (delay) of 30 months, unnecessarily limiting access to these inventions during that period. However, to date, the PCT has 133 Members and its membership continues to grow (in part due to obligations in bilateral agreements).

A downside to incorporating these international agreements in the trade agreements is that they may become subject to the dispute settlement mechanisms of the respective agreement, which surely has a stronger dissuasive effect than being subject to the possibility of being subject to the International Court of Justice.

In case the EU decided that the contents of future agreements should not vary, but follow the same structure we have analyzed in this paper, future negotiating partners should seriously consider the pros and cons of opening the chapters by submitted substantive proposals. Although the EU requirements may have implications to developing countries, the positive side of the current structure is that partners are not walking on unknown grounds. There is some kind of predictability in the framework used by the EU, and if a trade partner puts on table specific commitments, there is no assurance that the EU will not feel tempted to do the same. Besides, many of these multilateral agreements have become international standards because of wide acceptance, and many of them are *de facto* applied by many developing countries.

Although the IPRs chapters don't differ substantially from each other, there are some differences that should be exploited (options between UPOV 1978 and 1991; rejecting evolutionary clauses; rejecting the "highest standards" language).

¹⁷⁰ See WIPO.

In the case EU trade partners may wish to submit specific proposals, one way to do it could be by incorporating provisions in different parts of the trade agreements, so as not to “upset” the rigid structure of the IPRs chapters. The EU has been successful at, say, separating the wine and spirits agreements from the rest of the IPRs sections, at including the definition of IPRs in separate *joint declarations*, and at putting other provisions in separate *annexes* and *protocols*. For instance, consideration could be given to incorporate objectives, principles and development policy oriented provisions in the preamble or general provisions of the main trade agreement.

In case the EU may change its position and decide to pursue substantive United States’ type of agreements in the future, it is very difficult to determine the content of eventual proposals. We have gone through some of the EU priorities in intellectual property, namely enforcement and protection of GIs, which would probably make it into an eventual IPRs proposal.

It is very unlikely that the EU would seek strong commitments in harmonization such as the ones requested from Turkey, Croatia, and Macedonia. The high level of harmonization sought by the EU with these countries has its explanation in that these are candidate countries to accede to the EU.

Nevertheless, if the EU was to change its approach to intellectual property chapter in trade negotiations, it is most likely that the focus will be mainly in the area of enforcement. A realistic approach would be that the demands be put in aspects of enforcement that are already included in Part III of the TRIPS, but are optional for WTO Members to apply. For instance, the TRIPS Agreement states that Members may provide that judicial authorities shall have the authority to order the infringer to inform of the identity of third persons involved in the infringement and of the channels of distribution. As we have seen, the EU’s Enforcement Directive makes this provision mandatory (and even goes further by allowing the authorities to also order the disclosure of the origin, quantities and prices of the goods), so it may make sense that the EU would require this provision to be mandatory.

We have also seen that the EU has TRIPS plus legislation in the case of border measures. Regulation (EC) 1383/2003 applies to goods infringing any kind of intellectual property; it applies to importation as well as to exports of those goods; and allows authorities to act *ex-officio*. TRIPS on the contrary, applies only to counterfeit trademarks and pirated copyrighted goods; it mandates only for importation of those goods; and *ex-officio* action is optional. It would still make sense for the EU to request from, say Costa Rica, to apply border measures not only to trademark and copy righted goods and also act *ex-officio*, even if Costa Rica already includes these obligations in its domestic legislation¹⁷¹. By doing this the EU would consolidate legislation and avoid future changes to Costa Rica’s domestic legislation. On the other hand, it would be less justified for the EU to request from Costa Rica to apply border measures to goods being exported, and to act *ex officio*, as Costa Rica has already agreed to do that in its agreement with the United States¹⁷².

¹⁷¹ See respectively Articles 10 and 16 of Law 8.039 on Enforcement Procedures of IPRs at <http://www.sieca.org.gt/publico/ProyectosDeCooperacion/Proalca/PI/8039.htm>.

¹⁷² See CAFTA Article 15.11.23 at http://www.sice.oas.org/Trade/CAFTA/CAFTADR_e/asset_upload_file934_3935.pdf.

The United States has gone beyond TRIPS in a number of issues in its negotiation of trade agreements. Because many of these TRIPS plus provisions are extended to other WTO Members on an NMF basis, the EU may rely on this fact (the raising of TRIPS standards), so as not have to seek major commitments from countries which have already conceded in previous negotiations. Although enforcement issues are of the utmost importance to the EU, there is no point in putting pressure on these subjects during negotiations, if the EU's negotiating partner in question has already accepted them through an agreement with the United States or EFTA. For instance, the EU has sought in the TRIPS Council to discuss the application of border measures to all kinds of intellectual property and to extend border measures not only to goods being imported, but also to goods in transit and for export. It wouldn't make much sense to pursue obligations in this area if the respective counterpart in a negotiation has already accepted such obligations in agreements with the United States. This would be the case for Central American or Andean Community countries.

Regarding GIs, it is most likely that the EU may seek the increased level of protection afforded to wine and spirits to all type of products, and also include lists of agricultural products and foodstuffs, in the same fashion as the agreements on wine and spirits.

A third area of interest could be the protection of undisclosed information for pharmaceutical and agricultural chemical products (TRIPS) in the same way that the United States and EFTA have sought in their trade agreements. This is, grant exclusivity for data protection and asking for better coordination between health and patent authorities with respect to the granting of marketing approval to generic products potentially infringing a patent. Regarding exclusivity, the EU grants longer terms (10 years) than the United States.

Finally, a fourth area of interest could be the protection of industrial designs with increased terms of protection with respect to the 10 years required by TRIPS.

Another area where the EU has concentrated much energy during the last years, but would be unlikely to make it into a model proposal, is that of patents (e.g. European patent and software patents), as it has been very difficult to reach agreement on this issue within the EU.

Negotiators should take into account that even though the EU has high levels of protection in all fields of intellectual property, it also provides for policy space through flexibilities, limitations of the scope of protection, exceptions and limitations to rights, and most importantly, through the interrelation of intellectual property with competition policy.

Therefore, countries engaging in negotiations with the EU should consider putting on the table provisions that are already part of community legislation. Good examples of these kinds of provisions could be the EU exceptions and limitations to copyrights. The Copyright Directive provides an exhaustive but long list of exceptions and limitations to copyright which in most cases haven't been incorporated in legislation of developing countries¹⁷³. Also, the EU Software Directive has interesting mandatory exceptions which should be looked upon.

¹⁷³ However these can be overridden by contract. Except for the exception to temporary copies in article 5.1, there aren't mandatory exceptions and limitations such as those in the Database and computer software directives.

Besides seeking guidance from community directives and regulations, one should take into account that secondary legislation (at least directives) leaves implementation in the hands of EU Members States. So another source of flexibilities is precisely in national laws on Member States.

Also, the EU has made interesting proposals in WIPO and WTO regarding protection of genetic resources. Although these proposals have not met the demands of developing countries, it would be interesting to explore whether the EU would commit to its offer at a bilateral level. The answer may be that this is being negotiated in multilateral fora and it should be kept that way. However, the counterargument would be that the protection of GIs is also being negotiated in multilateral fora, and this has not impeded the EU to put in the table in bilateral negotiations.

Lastly, negotiators should consider clear and strong language regarding objectives and principles applied to intellectual property provisions in the agreements. To the extent possible, negotiators could consider proposing a specific preamble to intellectual property chapters¹⁷⁴.

6. Conclusions

Although the United States has done much of the work by anticipating negotiations with many of the EU future trade partners, it is most likely that the EU will seek stronger commitments in intellectual property from prospective trade partners. The stalemate in the Doha Round is a factor that should be considered. COMPLETAR.

¹⁷⁴ See Chapter 17 of the Chile – United States Free Trade Agreement at http://www.sice.oas.org/Trade/chiusa_e/chiusaind_e.asp.