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Negotiating Group on Trade-Related Aspects  
of Intellectual Property Rights, including  
Trade in Counterfeit Goods

MEETING OF NEGOTIATING GROUP OF 25 AND 29 JUNE 1990

Chairman: Ambassador Lars E. R. Anell (Sweden)

Note by the Secretariat

1. The Group adopted the agenda proposed in GATT/AIR/3022. Before the Group were two new documents: a draft text on geographical indications, contained in document NG11/W/75, submitted by Australia, and an informal document of 12 June 1990, bearing reference number 1404, containing the composite draft text that the Chairman had announced his intention to prepare at the previous meeting of the Group.

Proposal on Geographical Indications submitted by Australia (NG11/W/75)

2. Introducing her delegation's proposal, the representative of Australia said that it represented a significant move in the position her delegation had taken thus far in relation to standards in the area of geographical indications as reflected in her delegation's earlier paper on standards (document NG11/W/35), which required geographical indications to be protected at least to the extent necessary to ensure consumer protection and to avoid consumers being misled, confused or deceived. The new text had been submitted on the understanding that countries would need to move from their preferred positions if a TRIPS agreement was to be achieved by the end of the year. The present text reflected an alternative approach to that contained in the other draft legal texts submitted to the Group thus far by recognising the difficulty of reaching international consensus on the treatment of generic terms. One of Australia's prime concerns with the texts on geographical indications submitted by the European Communities and Switzerland lay in the proposition that standards for the protection of geographical indications should be such as to require contracting parties to protect geographical indications which had a history of traditional use in many countries, including Australia, and, as a result of such use, had become generic. Such indications no longer reflected a geographical region or locality, but rather had become associated with a general set of characteristics pertaining to a particular product, or alternatively were names which, like China for porcelain, were in the common language. Australia was of the view that the standards in both the Madrid and Lisbon Agreements were excessive because they required protection to be afforded to names that had truly become generic and thus no significant consumer deception was involved in their use. The Australian proposal recognised that the protection of geographical indications should have two elements: the avoidance of consumers being misled and the prevention of the degeneration of geographical indications into generic terms. According to current Australian thinking, geographical indications should not be allowed to be registered as trademarks, and should not be allowed to be used in connection with goods, if they were of such a nature as to mislead or confuse the public as to the true place of origin of goods. Australia acknowledged that there was some justification for extending the scope of protection for geographical indications which had acquired a reputation in relation to certain goods, not only against misleading use, but also against degeneration.

However, acquired prior rights relating to an indication identical with or similar to a geographical indication, where acquired in good faith, should be preserved by a grandfather clause. Finally, she said that her delegation considered it important, because of the unique nature of geographical indications and the different historical traditions among countries in the development and use of such indications, that countries should be permitted to enter into bilateral arrangements to afford greater protection to specific geographical indications. In that respect it was considered appropriate to exempt bilateral arrangements in this area from the most-favoured-nation treatment obligations under the GATT.

3. Giving their preliminary comments on the Australian submission, some participants, while believing that the proposal warranted serious study, reiterated their difficulties with regard to inclusion in the GATT framework, whether under Article IX, in an annex or in any other way, of any agreement on the subject matter dealt with in document NG11/W/75, since they did not consider in this area of geographical indications to include trade-related issues. Another participant, calling the area of geographical indications of particular concern to his delegation, said that there had still not been submitted a proposal which was acceptable to his delegation. He reiterated that international protection was difficult because of the fact that the new world had been settled by Europeans, so that many regions, towns and villages had European names.

4. A participant called the Australian proposal overly ambitious and, therefore, unacceptable.

5. Another participant considered the provisions proposed by Australia not sufficiently ambitious. He said that it nevertheless contained some positive elements, such as the idea that measures should be provided by contracting parties aimed at preventing degeneration, and the emphasis put on the continued importance of the possibility of concluding bilateral or multilateral agreements in this area without prejudice to obligations under the GATT or under a TRIPS agreement. As regards the proposed protection, however, the Australian text, although going in the right direction, still contained a major divergence when compared with his delegation's approach, which was not limited to protection in cases where consumers were misled. His delegation had major difficulties with the proposed grandfather clause, which could imply a sweeping rejection of the rights of other contracting parties. Another participant also criticized the level of ambition in the text. He particularly drew attention to the standard of evidence required according to the proposed provisions on protection, which necessitated proof that the public was misled. In his delegation's view such a standard was excessive. His delegation had chosen the approach of requiring a likelihood of confusion, and had listed a number of more concrete instances of what could constitute such misleading of the public.

6. Responding to questions, the representative of Australia said that his delegation considered the Lisbon and Madrid Agreements excessive, because both these treaties required protection to be afforded also to names that had truly become generic. Another international system for the protection of geographical indications and appellations or origin should be established. In this respect, he drew attention to the fact that action was already taking place in WIPO for such a new system to be negotiated. As regards the proposed grandfather clause, he said that Australia could not see the reason to provide protection for the future for names that had already become part of the national language or otherwise had become generic in a country. In determining whether and how a name had become generic, national treatment and national law could be decisive or a bilateral or multilateral agreement as provided for in paragraph 5 of the proposal.

I. Continuation of the negotiations as required by paragraph 4 of the TNC decision of 8 April 1989, taking account of paragraphs 5 and 6 and of other relevant paragraphs of that decision

7. On behalf of the sponsors of document NG11/W/71, the representative of Peru addressed a number of general remarks that had been made by some delegations on the proposal at the Group's previous meeting. With respect to the issues underlying the negotiations, he said that it should be recalled that the Group had a specific mandate to deal with the trade-related aspects of intellectual property rights. Although other delegations had often been invited to express in concrete terms their understanding of this concept, the response to this query had always been characterised by evasiveness. Document NG11/W/71 was so far the only paper which

contained a clear indication of the trade-related aspects of IPRs, and made concrete proposals on them in its Part I. Regarding the levels of protection of intellectual property rights dealt with in Part II of the proposal, he said that the adequacy of standards depended upon and reflected the socio-economic situation of a country as well as its level of technological development. Therefore, an honest and realistic approach had to be chosen, and had been chosen in NG11/W/71. The freedom to determine the scope and level of protection of intellectual property rights had often been used in the past by today's industrialised countries to promote emerging industries or to develop local competitive capacities. Many of those countries had excluded and some of them still excluded certain products and processes from patent protection. Many of them still maintained variant terms of protection and provided for compulsory licensing in their intellectual property legislation. Given the socio-economic situation in which developing countries found themselves today, the need for them to maintain flexibility in their intellectual property legislation in the interest of development continued to be imperative. On the question of rights and obligations of intellectual property right holders, he said that the proposals in NG11/W/71 were aimed at restoring the necessary balance between such rights and obligations. Most of the proposals submitted to the Group had entirely overlooked the obligations holders of intellectual property rights had towards the society granting such rights, and thus conflicted with existing international conventions as well as with the objectives underlying the granting of intellectual property rights. As regards the issue of international implementation, he drew the attention of the Group to Chapter X, Article 22 of NG11/W/71, which stipulated that Part II should be implemented in the relevant international organisation, account being taken of the multi-disciplinary and overall aspects of the issues.

8. A participant expressed the view that some of his delegation's concerns had not been fully reflected in the Composite Draft Text. The Punta Mandate as well as the Mid-Term Review Decision had clearly addressed the issues before the Group in two separate indents, one of which related to a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods. Thus, Ministers had indicated, in the view of his delegation, that the Group should also divide the results of its work into two separate parts, one dealing with the issues relating to international trade in counterfeit goods, and another regarding the results that might emerge in regard to a separate instrument which would deal with basic principles, standards and principles, enforcement, dispute settlement and transitional arrangements. The Group would not fulfil its mandate if it did not produce a separate multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods. Therefore, he said the sponsors of NG11/W/71 had addressed this in their proposed legal text in a separate Part I. Part II dealt with the other issues, of which the trade-relatedness was unclear. In this context, the Group also had to bear in mind that the fact that intellectual property rights on which proposals had been made were already covered by existing international conventions. He stressed the great diversity in the membership of these conventions. He also drew attention to the fact that in WIPO work was underway on the harmonisation of the laws relating to some intellectual property rights. He questioned whether the Group should work towards an outcome in the detailed manner suggested by some participants and whether a "WIPO convention plus" approach was appropriate. Renegotiating existing conventions and shortcircuiting the work of WIPO should be avoided. Finally, he reiterated that his delegation did not consider trade secrets or proprietary information as an IPR, and therefore as falling within the purview of the Group.

9. A participant considered that the composite draft text should have been based not only on draft legal texts submitted but also on all other written proposals submitted to the Group.

### III. Consideration of the relationship between the negotiations in this area and initiatives in other fora

10. The representative of WIPO informed the Group that from 28 May to 1 June WIPO had held the first session of a Committee of Experts on the International Protection of Geographical Indications. It was to be expected that during the next session to be held in 1991 the Committee would discuss a Draft Treaty on the International Protection of Geographical Indications. Between 5 and 8 June a Consultative Meeting of Developing Countries on the Harmonisation of Patent Laws had been held, followed from 11 to 22 June by the eighth session of the Committee of Experts on the Harmonisation of Certain Provisions in Laws for the

Protection of Inventions. This Committee had not completed its work and would continue its eighth session from 29 October to 9 November 1990. A Preparatory Meeting for the Diplomatic Conference for the Conclusion of a Treaty Supplementing the Paris Convention as far as Patents are Concerned had taken place between 19 and 22 June; the Preparatory Committee would continue its work from 7 to 9 October 1990. Between 25 and 29 June the second session of the Committee of Experts on the Harmonisation of Laws for the Protection of Marks had been held. He also informed the Group that on 28 June Malaysia had deposited its instrument of accession to the Berne Convention, thus bringing the number of member States to 85.

IV. Other business, including arrangements for the next meeting of the Negotiating Group

11. When the Group reconvened on 29 June, the Chairman reported on the informal consultations he had held on 26-29 June on the basis of the composite draft text, with the aim of being in a position to produce a profile for submission to the GNG at the end of July. These consultations had involved a rather detailed discussion of Part II of the text. Part IV had been dealt with partly, and Part IX had been touched upon. This had enabled an exploration in very concrete terms on the basis of actual texts of the reasons behind the difficulties some delegations had with proposals put forward; it also had permitted a better understanding both of the areas of difference and of areas where there was underlying common ground. Another element which had come to the fore had been the different approaches with regard to the structure of results of the Group's work. These would have to be put very clearly before the GNG in the profile. However, since there had not yet been an opportunity to discuss the part of the composite draft text dealing with standards, as well as certain other parts, his intention was to pursue his informal consultations intensively in the week beginning 9 July and to report back to the Group at the end of that week. His suggestion, therefore, was that the Group, rather than holding its next formal meeting on 9 and 11 July as scheduled, would meet on 13 July. He also said that it was his intention to prepare a revised version of the composite draft text after completion of the discussion on it, which would be used as the basis of the profile to be sent to the GNG.

12. A participant emphasised the interest of his delegation in a profile that would reflect not only the two major options as indicated by the Chairman, but also other differences of opinion of particular interest to participating countries. Any future agreement on TRIPS should be a general agreement outside GATT and not an agreement of specific nature as some participants had suggested.

13. The Group agreed to meet again, as suggested by the Chairman, on 13 July. It would decide during its meeting on 13 July when it would meet in the week of 16 July.