

# ■ Intellectual property in BITs

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# IP as 'investment'

- Asset-based (general, specific list)

# NAFTA-article 1139

- Investment means:
- .....
- (g) real estate or other property, tangible or *intangible*, acquired in the expectation or used for the purpose of economic benefit or other business purposes

# US-Chile FTA

- Investment includes:
  - a) an enterprise;
  - b) shares, stock, and other forms of equity participation in an enterprise;
  - c) bonds, debentures, other debt instruments, and loans;
  - d) futures, options and other derivatives;
  - e) turnkey, construction, management, production, concession, revenue-sharing and other similar contracts;
  - f) *intellectual property rights*;
  - g) licenses, authorisations, permits and similar rights conferred pursuant to applicable domestic law, and
  - h) other tangible or intangible, movable or immovable property, and related property rights, such as leases, mortgages, liens, and pledges.

# US-EI Salvador BIT (1999)

- Article I (d) "investment" ..means every kind of investment owned or controlled directly or indirectly by that national or company, and includes investment consisting or taking the form of:
  - (v) intellectual property, including:
    - • copyrights and related rights,
    - • patents,
    - • rights in plant varieties,
    - • industrial designs,
    - • rights in semiconductor layout designs,
    - • trade secrets, including know-how and confidential business information,
    - • trade and service marks, and
    - • trade names

# South Korea-El Salvador

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- (1) "Investment" means every kind of asset or rights invested...in particular...
- (d) intellectual and industrial property rights, such as technical processes, trade marks or commercial marks, trade names, industrial designs, technical know-how, company name and key rights;

# Asset-based definition: is there a protected investment when...

- IPRs are acquired?
- IPRs are used through commercial contracts for sale in the territory of another party?

# Grand River Enterprises, Inc. v. United States (2011)

- ‘...claimants activities centered on the manufacture of cigarettes at Grand River’s manufacturing plant in Canada for export to the United States’



# Apotex v. United States (2014)

- Medicines to be manufactured in Canada and exported to the USA
- Legal fees, purchase of inputs in the USA, existence of an Apotex distributor insufficient to create an ‘investment’

# Apotex v. United States

- ‘Where a company must meet regulatory requirements to sell its products in the United States, the costs of such compliance themselves are not “investments” (para. 194)

## Bridgestone v. Panama: Decision on Expedited Objections

- *...a registered trademark will constitute a qualifying investment provided that it is exploited by its owner by activities that, together with the trademark itself, have the normal characteristics of an investment” (para. 177*
- *“Where the owner of a trademark licenses its use to a licensee, it is necessary to distinguish carefully between the interest of the owner and the interest of the licensee, each of which may be capable of constituting an investment.*

# United States-Panama Trade Promotion Agreement

- ...investment means every asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk. Forms that an investment may take include:...
- (f) intellectual property rights;

# *Bridgestone v. Panama*: Decision on Expedited Objections

- Trademarks and licenses are sufficient to constitute an “investment” under Article 25 of the ICSID Convention

## ■ WHAT ARE THE OPTIONS?

# Salini et al v. Morocco

- 1) a contribution of money or assets
- (2) a certain duration
- (3) an element of risk and
- (4) a contribution to the economic development of the host state.

# Brazil BITs: qualified assets

- 1. “Investment” means any kind of asset or right that is owned or controlled directly or indirectly by an investor of a Party in the territory of the other Party for the purpose of establishing **lasting economic relations and for the production of goods and services...**



# India Model BIT: enterprise

- 1.6 “Investment” means an Enterprise in the Host State... having its management and real and substantial business operations in the territory of the Host State.

- ...this definition requires an Enterprise to have, without exception, **all the following elements:**
  - (i) made a substantial and long term commitment of capital in the Host State;
  - (ii) engaged a substantial number of employees in the territory of the Host State;
- (iii) assumed entrepreneurial risk;
- (iv) **made a substantial contribution to the development of the Host State through its operations alongwith transfer of technological knowhow, where applicable; and**
- (v) carried out all its operations in accordance with the Law of the Host State.