Intellectual Property and the Judiciary
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Intellectual Property in WTO Dispute Settlement

Roger Kampf*

WTO Secretariat

* The views expressed are personal and cannot be attributed to the WTO, its Secretariat, or any of its Member governments.
I. The WTO DS Mechanism: An Overview
Objectives

- To deal with disputes between governments about compliance with WTO agreements and commitments, including TRIPS
  - WTO is not a “policeman”
- System designed to ensure the rule of law in international trade relations
- Impartial and effective resolution of disputes
  - Preferably “out of court”
- Governments are committed
  - To have recourse to, and abide by, WTO DS procedures
  - To determine violation only in accordance with these procedures
  - To retaliate only when authorized by DSB
Overall Statistics (November 2015)

- Requests for consultations: 500
- Mutually agreed solutions: 110
- Panels established: 237/289
- Panels composed: 202/249
- Panel reports adopted: 165
- Appellate Body reports adopted: 105
- Compliance panels: 30
- Appeals of compliance panels: 22
- Arbitrations on "retaliation": 19
- Authorizations to "retaliate": 18
Trends in Use of DS Mechanism

As complainants

As respondents
Complaints According to Agreement at Issue

- GATT 1994, 398
- Anti-Dumping, 112
- Subsidies, 108
- Agriculture, 74
- TBT, 49
- SPS, 43
- Safeguards, 47
- Licensing, 44
- TRIPS, 34
- TRIMs, 41
- GATS, 23
TRIPS Statistics (November 2015)

• 34 complaints in 24 separate matters:
  – 14 settlements
  – 10 panel and 3 AB reports adopted
  – 5 panels established
  – 2 consultations pending
  – 3 inactive

• Represents about 7 % of 500 complaints

• Most cases between developed countries

• Developing countries as respondents in 9 cases:
  – 5 settlements
  – 4 panel / 1 AB report (adopted in 1998)

• Developing countries and transition economies as complainants in 7 cases initiated since 2010

• Good overall compliance record
II. TRIPS and IP in WTO Jurisprudence: Selected Cases and Their Broader Context
Canada – Patent Protection of Pharmaceutical Products” (DS114)

IPR Jurisprudence & Ongoing Policy Debate
Panel discussed «other grounds for denying trademark registration» (Art.15.2 TRIPS):

– May include grounds not specifically mentioned in TRIPS/Paris Convention
– Members may deny trademark registration because applicant is not owner as defined in domestic legal system
– Risk of abuse by national legislation that arbitrarily regulates IPR ownership, but:
  • good faith principle controls exercise of rights by states

Panel findings upheld by AB report:

– Right to determine conditions for filing and registration of trademarks includes right to determine conditions to refuse acceptance of filing and registration on grounds other than those explicitly prohibited by Paris Convention

US – Sect. 211 Appropriations Act (DS176)

IPRs & Confiscation
China - Protection and Enforcement of IPRs (WT/DS362)

Copyright & Public Interest
US – Large Civil Aircraft (DS353)

IPRs & Public Policies to Fund R&D
Australia - Plain Packaging Bill
(DS434/435/441/458/467)

IPRs &
Public Health
EU and Member State – Seizure of Generic Drugs in Transit (DS408/409)

• Measure at issue:
  – EU Customs Regulation 1383/2003 and other EU / Dutch legislative provisions, as well as Dutch Court decisions
  – goes beyond TRIPS requirements, as applicable to goods in transit and patent infringing goods

• Legal arguments in WTO DS consultations:
  – Alleged violations in DS consultations include GATT (Art.V), TRIPS (Art.1.1, 7, 8, 31, 41, 42, 51) and Doha Declaration
  – Reference is also made to International Covenant on Economic, Social and Cultural Rights
  – Claimants call for clear separation of IPR-related issues from public health considerations
  – Note: confusion about terminology is emphasized

• Follow-Up in EU:
  – Customs Regulation (EU) 608/2013

IPRs, Customs & Regulatory Measures
III.
IP in WTO Case Law: Arbitration & Cross-Retaliation
Good Offices, Conciliation & Mediation

• Art.5 DSU:
  – May be requested at any time by any party to a dispute
  – Voluntary procedures if parties so agree

• Concrete example - Paragraph 6 System:
  – Chair Statement read out prior to adoption of Protocol Amending TRIPS summarizes key shared understandings, including:

  “If any Member has concerns that the terms of the amendment have not been fully complied with, the Member may also utilize the good offices of the Director-General or Chair of the TRIPS Council, with a view to finding a mutually acceptable solution.”
Arbitration in Selected IP Cases

**Art.21.3(c)**

Reasonable period to comply with panel/AB recommendations and rulings:
- Canada – Term of Patent Protection (DS170)
- US – Section 110(5) Copyright Act (DS160)
- Canada – Pharmaceutical Products (DS114)

**Art.25**

Arbitration as alternative means to settle disputes:
- US – Section 110(5) Copyright Act (DS160): only use so far to determine level of nullification/impairment of benefits caused by violation established in panel report

**Art.22.6**

Level of suspension proposed:
- US – Section 110(5) Copyright Act (DS160):
  - US objected to level of suspension of concessions proposed by EU and requested to refer to arbitration
  - Arbitration proceeding suspended in 2002
  - January 2016: 149 status reports submitted by the US
Suspension of Obligations

- Preference: full implementation of Panel findings
- Suspension of concessions or other obligations ("retaliation") can be authorized if a Member fails to implement recommendations within the period fixed or to offer acceptable compensation
- Applicable principles – Article 22.3 DSU:

Retaliation in the same sector

If not practicable/effective

Retaliation in other sectors under same agreement

If not practicable/effective

+ circumstances serious enough

Retaliation under another covered agreement:
- Cross-retaliation/TRIPS authorized in three cases
Cross-Retaliation in TRIPS

• **EC – Bananas III (DS27):**
  – May 2000: DSB authorizes Ecuador to suspend concessions, to the extent insufficient under GATT and GATS, under TRIPS in respect of *related rights*, geographical indications and industrial designs
  – November 2012: Ecuador and 10 other Latin American countries notify mutually agreed solution

• **US – Gambling (DS285):**
  – January 2013: DSB authorizes suspension of concessions in respect of *copyright and related rights*, trademarks, industrial designs, patents, protection of undisclosed information (consistent with Arbitrator decision of December 2007)

• **US – Upland Cotton (DS267):**
  – November 2009: DSB authorizes Brazil to suspend concessions under TRIPS and GATS subject to certain conditions / thresholds
  – October 2014: mutually agreed solution notified
IV.

IP Expertise, Continuity and Information Resources: Experiences from Practice
AB Members, Panelists, WTO Staff

- **Panelists – Art.8.1 and 8.2 DSU:**
  - Chosen ad hoc, subject to a range of criteria

- **Appellate Body Members – Art.17.3 DSU:**
  - Persons of recognized authority, expertise in law, international trade and subject matter of covered agreements generally

- **WTO Secretariat – Art.27.1 DSU:**
  - To assist panels on legal, historical, procedural aspects and to provide secretarial and technical support
  - Legal Affairs Division / Appellate Body Secretariat
  - Substantive Divisions

- **Objectives:**
  - Involve trade law and IP expertise
  - Consider IP within broader policy context
# Expertise of Panelists in Selected Cases

<table>
<thead>
<tr>
<th>Case</th>
<th>Chairperson</th>
<th>Member 1</th>
<th>Member 2</th>
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<tbody>
<tr>
<td>Australia – Plain Packaging (DS434, 435, 441, 458, 467)</td>
<td>Former Minister of Public Enterprises, Trade and Industry (South Africa)</td>
<td>Former Minister of Trade, Health, Education (Barbados)</td>
<td>Professor for IP (Switzerland)</td>
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<td>China – Protection and Enforcement of IPRs (DS362)</td>
<td>Uruguay Round TRIPS negotiator (New Zealand)</td>
<td>Former WIPO official, IP lawyer and Professor for IP (Chile)</td>
<td>Uruguay Round TRIPS negotiator, Chair of ASEAN WG on IP (Singapore)</td>
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<td>US – Section 211 (DS176)</td>
<td>Former Ambassador to WTO, TRIPS Council Chair (New Zealand)</td>
<td>Professor for IP (Switzerland)</td>
<td>Professor for EU Law and International Trade Law (Canada)</td>
</tr>
<tr>
<td>EU – Geographical Indications (DS174, 290)</td>
<td>Former WTO Deputy DG, trade lawyer (Venezuela)</td>
<td>Professor for International Trade Law, WTO AB Member (Korea)</td>
<td>Former Director of IP (Hong Kong, China)</td>
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<td>Canada – Pharmaceutical Products (DS114)</td>
<td>Professor for International Trade Law (United States)</td>
<td>Expert in international IP, former WIPO Assistant DG (Hungary)</td>
<td>Senior Health Official (Mexico)</td>
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<td>Former Ambassador to WTO, TRIPS Council Chair (Chile)</td>
<td>Former trade and IP negotiator, became WTO AB Member later (India)</td>
<td>Former Chair of Copyright Tribunal (Australia)</td>
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Sources of Information

- Third party submissions
- Art.13 DSU - factual information from any individual/body/source and expert opinions:
  - WIPO – negotiating history / factual information relevant to interpretation:
    - US – Section Section 110(5) Copyright Act
    - US – Section 211 Appropriations Act
    - EC – Trademarks and Geographical Indications
    - China – Protection and Enforcement of IPRs
    - Australia – Plain Packaging Bill
  - WHO – only in one case so far:
    - Australia – Plain Packaging Bill
- Request for factual information by arbitrators
- Amicus curiae briefs
V.
WTO Capacity Building: Outlook
Objective:
- Understanding the wider legal context of TRIPS
- Providing a source of information for judges regarding the role of TRIPS in interpreting national law

Proposed Tool:
- database with WTO Members’ jurisprudence
- Judicial decisions and similar legal findings that reference, rely on or cite specific TRIPS provisions when interpreting domestic law

How to get there:
- Phase 1: in-house pilot phase
- Phase 2: cooperation with external partners
- Phase 3: continuity and analysis
« Training of Judges » Project

• Suggested as integral part of WTO Technical Assistance Plan 2016-2017

• Objectives:
  – Preserve a certain degree of coherence regarding interpretation of TRIPS provisions
  – Provide an overview of trends in IP litigation
  – Exchange experiences
  – Network to support «TRIPS jurisprudence» project

• Need to complement existing activities:
  – WIPO:
    • Judges and prosecutors
    • CDIP/16/7 of 8 September 2015
  – UNCTAD: TRIPS flexibilities relating to public health
VI.
Conclusions
TRIPS Does Not Exist in a Vacuum

- Marrakesh Agreement – Preamble
- Agreement on Trade-Related Aspects of IPRs:
  - Link to trade clearly established
  - Different from WIPO Conventions and Treaties
- Art.7 TRIPS: IPR protection and enforcement
  - To promote technological innovation and transfer and dissemination of technology (...) in a manner conducive to social and economic welfare (...)
- Art.8 TRIPS: TRIPS-consistent measures
  - Necessary to protect public health and nutrition and to promote public interest
- Doha Declaration on TRIPS and Public Health:
  - TRIPS as part of wider national and international action
Issues & Challenges

- Complex and lengthy procedures:
  - Cases are politically sensitive
  - Complex
  - Attract widespread interest
  - Take usually more time to issue a report

- How to Design Optimal IP Judiciary remains an open question
  - Optional approach for Members in Art.41.5

- The unresolved question: should non-violation and situation complaints apply to TRIPS?