

[TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY  
RIGHTS, INCLUDING TRADE IN COUNTERFEIT GOODS]<sup>1,2</sup>

Commentary

The attached texts contain the results of the negotiations on trade-related aspects of intellectual property rights, including trade in counterfeit goods, as of 22 November 1990. They are put forward by the Chairman on his own responsibility, but have been used by the Negotiating Group as the basis for negotiations. The purpose of this note is to explain the status of the texts and to indicate the main issues on which agreement has still to be reached.

No point in this draft is put forward as having been agreed by all participants. Square brackets have been used to identify specific points on which further negotiation is necessary, but their absence from a particular provision cannot be taken as indicating that there is general agreement on it. Participants are therefore not committed to any provision and a number of participants have in addition made it clear that on certain provisions their positions are reserved pending further consideration in capitals.

The presentation of two draft agreements, the first on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods and the second on Trade in Counterfeit and Pirated Goods, is a reflection of two basically different approaches to the question of the relationship of the eventual results to the GATT. Some participants, whose positions are identified in the draft by the letter A, envisage a single TRIPS agreement encompassing all the areas of negotiation; this agreement would be implemented as an integral part of the General Agreement. Other participants, whose positions are identified by the letter B, envisage two separate agreements, one on Trade in Counterfeit and Pirated Goods, to be implemented in GATT, and the second on standards and principles concerning the availability, scope and use of intellectual property rights. The latter agreement would be implemented in the "relevant international organisation, account being taken of the multidisciplinary and overall aspects of the issues involved". It was agreed in the Mid-Term Review that the institutional aspects of the international implementation of the results of the negotiations on TRIPS would be decided by Ministers pursuant to the final paragraph of the Punta del Este Declaration.

There are thus a number of outstanding issues which can be settled only in the light of the decision on the institutional aspects of the international implementation of the results. These issues include not only

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<sup>1</sup> Cf. paragraph 1 of the Final Act.

<sup>2</sup> See also Annex III of this document.

that of structure referred to above but also the arrangements for dispute settlement and a number of specific issues concerning final provisions on such matters as acceptance and accession, deposit, withdrawal, non-application and reservations.

Turning to the major outstanding issues on points of substance, there is, in Part I on General Provisions and Basic Principles, a need for further work on Article 4 on Most-Favoured-Nation Treatment, in particular sub-paragraph (d).

In regard to Section I of Part II, concerning Copyright and Related Rights, decisions are needed on the protection of computer programs (Articles 10.1 and 12), rental rights (Articles 11 and 16.4), the rights of performers and broadcasters (Article 16), the term of protection of phonograms (Article 16.5), moral rights (Article 9), limitations and exemptions (Article 13.2) and the definition of "public" (Article 14).

In Section 2 of Part II on Trademarks, there is an outstanding issue concerning special requirements regarding the use of a mark (Article 22). In regard to Section 3 of Part II on Geographical Indications, it should be made clear that there are still considerable differences on Articles 25, 26 and 27. On Industrial Designs (Section 4 of Part II), a decision needs to be taken on the criteria for design protection (Article 28.1).

In the patent area (Section 5 of Part II), basic decisions need to be taken in the complex of issues concerning patentable subject matter and exclusions therefrom (Article 30), the term of protection (Article 36) and non-voluntary licensing and government use (sub-paragraphs (g), (k), (h), (n) and (o) of Article 34 and related provisions of Article 32). Decisions are also needed on non-discrimination as to the place of invention (Article 30.1), rights conferred by process patents (Article 31) and reversal of the burden of proof (Article 37).

In Section 6 of Part II, on Layout-Designs of Integrated Circuits, a decision has to be taken on the appropriateness of some of the so-called "plus elements" to the provisions of the Treaty on Intellectual Property in Respect of Integrated Circuits.

Further basic issues needing to be resolved are the inclusion of provisions on protection of Undisclosed Information (Section 7 of Part II), and the content of the provisions on the Control of Abusive or Anti-Competitive Practices in Contractual Licences (Section 8 of Part II).

In regard to transitional arrangements, including provisions on least-developed countries, decisions have to be taken on the length of transition periods and on the extent of obligations to be assumed during that period. A number of developing countries have also stated that the texts should contain greater recognition of the constraints on their administrative capacity and of their development needs, in the light of the provisions in the Declaration of Punta del Este on differential and more favourable treatment of developing countries.

A number of more technical points, for example those contained in paragraphs 4 and 5 of Article 65 and in Article 73, are still under study and therefore may need further work.

There has not been sufficient time to give consideration to a proposal for the establishment of a dispute prevention system in respect of the transfer of technologies which was put forward earlier this month. It may be that this matter could be tabled in the committee set up to administer the results of these negotiations.

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Agreement on Trade in Counterfeit and Pirated Goods

AGREEMENT ON TRADE RELATED ASPECTS OF INTELLECTUAL  
PROPERTY RIGHTS, INCLUDING TRADE IN COUNTERFEIT GOODS

The PARTIES to this Agreement (hereinafter referred to as "PARTIES"),

Desiring to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade;

Recognising, to this end, the need for new rules and disciplines concerning:

- (a) the applicability of the basic principles of the GATT and of relevant international intellectual property agreements or conventions;
- (b) the provision of adequate standards and principles concerning the availability, scope and use of trade related intellectual property rights;
- (c) the provision of effective and appropriate means for the enforcement of trade related intellectual property rights, taking into account differences in national legal systems;
- (d) the provision of effective and expeditious procedures for the multilateral prevention and settlement of disputes between governments; and
- (e) transitional arrangements aiming at the fullest participation in the results of the negotiations;

Recognising the need for a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods;

Recognising that intellectual property rights are private rights;

Recognising the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives;

Recognising also the special needs of the least developed countries in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base;

Emphasising the importance of reducing tensions by reaching strengthened commitments to resolve disputes on trade related intellectual property issues through multilateral procedures;

Desiring to establish a mutually supportive relationship between GATT and WIPO as well as other relevant international organisations;

Hereby agree as follows:

**PART I: GENERAL PROVISIONS AND BASIC PRINCIPLES**

**Article 1: Nature and Scope of Obligations**

1. PARTIES shall give effect to the provisions of this Agreement.<sup>1</sup> PARTIES may, but shall not be obliged to, implement in their domestic law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. PARTIES shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.
2. For the purposes of this Agreement, the term "intellectual property" refers to all categories of intellectual property that are the subject of Sections ... to ... of Part II.
3. PARTIES shall accord the treatment provided for in this Agreement to the nationals of other PARTIES.<sup>2</sup> In respect of the relevant intellectual property right, the nationals of other PARTIES shall be understood as those natural or legal persons meeting the criteria for eligibility for protection under the Paris Convention (1967), the Berne Convention (1971), the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits. Any PARTY availing itself of the possibilities provided in Articles 5.3 or 6.2 of the Rome Convention shall make a notification as foreseen in those provisions to the Committee established under Part VII below.

**Article 2: Intellectual Property Conventions**

1. In respect of Parts II, III and IV of this Agreement, PARTIES shall not depart from the relevant provisions of the Paris Convention (1967).
2. Nothing in this Agreement shall derogate from existing obligations that PARTIES may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits.

**Article 3: National Treatment**

1. Each PARTY shall accord to the nationals of other PARTIES treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already

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<sup>1</sup>When a PARTY gives effect to the provisions of this Agreement through participation in an intergovernmental arrangement, it shall take all reasonable measures as may be available to it to ensure consistency between this Agreement and the arrangement.

<sup>2</sup>When the term "national" is used in this Agreement, it shall be deemed, in the case of Hong Kong, to mean persons, natural or legal, who are domiciled or who have a real and effective industrial or commercial establishment in Hong Kong.

provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits. Any PARTY availing itself of the possibilities provided in Article 6 of the Berne Convention and Article 16.1(a)(iii) or (iv) or Article 16.1(b) of the Rome Convention shall make a notification as foreseen in those provisions to the Committee established under Part VII below.

2. PARTIES may avail themselves of the exceptions permitted under paragraph 1 above in relation to judicial and administrative procedures, including the designation of an address for service or the appointment of an agent within the jurisdiction of a PARTY, only where such exceptions are necessary to secure compliance with laws and regulations which are not inconsistent with the provisions of this agreement and where such practices are not applied in a manner which would constitute a disguised restriction on trade.

#### **Article 4: Most-Favoured-Nation Treatment**

With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a PARTY to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other PARTIES. Exempted from this obligation are any advantage, favour, privilege or immunity accorded by a PARTY:

- (a) deriving from international agreements on judicial assistance and law enforcement of a general nature and not particularly confined to the protection of intellectual property rights;
- (b) granted in accordance with the provisions of the Berne Convention (1971) or the Rome Convention authorising that the treatment accorded be a function not of national treatment but of the treatment accorded in another country;
- (c) deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of this agreement, provided that such agreements are notified to the Committee established under Part VII below and do not constitute an arbitrary or unjustifiable discrimination against nationals of other PARTIES;
- [(d) exceeding the requirements of this Agreement and provided in an international agreement to which the PARTY belongs, provided that such agreement is open for accession by all PARTIES to this Agreement, or provided that such PARTY shall be ready to extend such advantage, favour, privilege or immunity, on terms equivalent to those under the agreement, to the nationals of any other PARTY so requesting and to enter into good faith negotiations to this end.]

**Article 5: Multilateral Agreements on Acquisition or  
Maintenance of Protection**

The obligations under Articles 3 and 4 above do not apply to procedures provided in multilateral agreements concluded under the auspices of the World Intellectual Property Organization relating to the acquisition or maintenance of intellectual property rights.

**Article 6: Exhaustion**<sup>1</sup>

Subject to the provisions of Articles 3 and 4 above, nothing in this Agreement imposes any obligation on, or limits the freedom of, PARTIES with respect to the determination of their respective regimes regarding the exhaustion of any intellectual property rights conferred in respect of the use, sale, importation or other distribution of goods once those goods have been put on the market by or with the consent of the right holder.

**Article 7: Objectives**

The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

**Article 8: Principles**

1. Provided that PARTIES do not derogate from the obligations arising under this Agreement, they may, in formulating or amending their national laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development.
2. Appropriate measures, provided that they do not derogate from the obligations arising under this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.

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<sup>1</sup> For the purposes of exhaustion, the European Communities shall be considered a single PARTY.

**PART II: STANDARDS CONCERNING THE AVAILABILITY, SCOPE AND USE OF  
INTELLECTUAL PROPERTY RIGHTS**

**SECTION 1: COPYRIGHT AND RELATED RIGHTS**

**Article 9: Relation to Berne Convention**

PARTIES shall comply with the substantive provisions [on economic rights] of the Berne Convention (1971). [However, PARTIES shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6bis of that Convention or of the rights derived therefrom].

**Article 10: Computer Programs and Compilations of Data**

1. Computer programs, whether in source or object code, shall be protected as [literary] works under the Berne Convention (1971). [Such protection shall not extend to ideas, procedures, methods of operation or mathematical concepts.] [This shall not prevent PARTIES from requiring, as a condition of protection of computer programs, compliance with procedures and formalities consistent with the principles of Part IV of this Agreement or from making adjustments to the rights of reproduction and adaptation and to moral rights necessary to permit normal exploitation of a computer program, provided that this does not unreasonably prejudice the legitimate interests of the right holder.]

2. Compilations of data or other material, whether in machine-readable or other form, which by reason of the selection and arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.

**Article 11: Rental Rights**

In respect of at least computer programs and cinematographic works, a PARTY shall provide authors and their successors in title the right to authorise or prohibit the commercial rental to the public of originals or copies of their copyright works [, or alternatively the right to obtain an equitable remuneration corresponding to the economic value of such use] [, where circumstances arise by which the commercial rental of originals or copies of copyright works has led to [unauthorised] copying of such works which is materially impairing the exclusive right of reproduction conferred in that PARTY on authors and their successors in title].

#### **Article 12: Term of Protection**

Whenever the term of protection of a work, other than a photographic work, a work of applied art [or a computer program], is calculated on a basis other than the life of a natural person, such term shall be no less than 50 years from the end of the calendar year of authorised publication, or, failing such authorised publication within 50 years from the making of the work, 50 years from the end of the calendar year of making.

#### **Article 13: Limitations and Exemptions**

1. PARTIES shall confine limitations or exemptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.

[2. Translation and reproduction licences permitted under the Appendix to the Berne Convention (1971) shall not be granted where the legitimate local needs of a PARTY could be met by voluntary actions of right holders but for obstacles resulting from measures taken by the government of that PARTY.]

#### **[Article 14: Definition of Public**

The term "public" shall not be defined in the domestic law of PARTIES in a manner that conflicts with a normal commercial exploitation of a work and unreasonably prejudices the legitimate interests of right holders.]

#### **Article 15: Protection of Works Existing at Time of Entry into Force**

The provisions of the Berne Convention (1971) concerning the protection of works existing at the time of entry into force shall apply in respect of the rights secured under that Convention.

#### **Article 16: Protection of Performers, Producers of Phonograms (Sound Recordings) and Broadcasts**

[1. In respect of a fixation of their performance on a phonogram, performers shall have the possibility of preventing: the fixation of their unfixed performance; and the reproduction of such fixation. Performers shall also have the possibility of preventing the broadcasting by wireless means and the communication to the public of their live performance.]

2. Producers of phonograms shall enjoy the right to authorise or prohibit the direct or indirect reproduction of their phonograms.

[3. Broadcasting organisations shall have the right to authorise or prohibit the fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where PARTIES do not grant such rights to broadcasting organisations, they shall provide right holders in the subject matter of broadcasts with the possibility of preventing the above acts.]

4. The provisions of Article 11 shall apply mutatis mutandis to right holders in phonograms.

5. The term of the protection available under this Agreement to performers and producers of phonograms shall last at least until the end of a period of [50] years computed from the end of the calendar year in which the fixation was made or the performance or broadcast took place. The term of protection granted pursuant to paragraph 3 above shall last for at least [25] years from the end of the calendar year in which the broadcast took place.

6. Any PARTY to this Agreement may, in relation to the rights conferred under paragraphs 1-3 above, provide for conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention. [However, the provisions of Article 15 of this Section shall also apply mutatis mutandis to the rights of performers and producers of phonograms in phonograms].

## SECTION 2: TRADEMARKS

### Article 17: Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, PARTIES may make registrability depend on distinctiveness acquired through use. PARTIES may require, as a condition of registration, that signs be capable of graphical representation.

2. Paragraph 1 above shall not be understood to prevent a PARTY from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).

3. PARTIES may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of 3 years from the date of application.

4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.

5. PARTIES shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, PARTIES may afford an opportunity for the registration of a trademark to be opposed.

#### **Article 18: Rights Conferred**

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having his consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

2. Article 6bis of the Paris Convention shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, account shall be taken of the knowledge of the trademark in the relevant sector of the public [including knowledge in that PARTY obtained as a result of the promotion of the trademark in international trade].

3. Article 6bis of the Paris Convention shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would unfairly indicate a connection between those goods or services and the owner of the registered trademark.

#### **Article 19: Exceptions**

PARTIES may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

#### **Article 20: Term of Protection**

Initial registration, and each renewal of registration, of a trademark shall be for a term of no less than seven years. The registration of a trademark shall be renewable indefinitely.

#### **Article 21: Requirement of Use**

1. If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or other government requirements for goods or services protected by the trademark, shall be recognised as valid reasons for non-use.

2. When subject to the control of its owner, use of a trademark by another person shall be recognised as use of the trademark for the purpose of maintaining the registration.

**Article 22: Other Requirements**

[A. The use of a trademark in commerce shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings.]

[B. It shall be a matter for national legislation to determine the conditions for the use of a mark.]

**Article 23: Licensing and Assignment**

PARTIES may determine conditions on the licensing and assignment of trademarks, it being understood that the compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign his trademark with or without the transfer of the business to which the trademark belongs.

**SECTION 3: GEOGRAPHICAL INDICATIONS**

**Article 24: Protection of Geographical Indications**

1. Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a PARTY, or a region or locality in that territory, where a given quality or other characteristic on which its reputation is based is essentially attributable to its geographical origin.
2. In respect of geographical indications, PARTIES shall provide in their domestic law the legal means for interested parties to prevent:
  - (a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;
  - (b) any use which constitutes an act of unfair competition within the meaning of Article 10<sup>bis</sup> of the Paris Convention (1967).
3. A PARTY shall, at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that PARTY is of such a nature as to mislead the public as to the true place of origin.

4. The provisions of the preceding paragraphs of this Article shall apply to a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.

**Article 25: Additional Protection for Geographical Indications for Wines**

[1. Each PARTY shall provide in its domestic law the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like.]

[2. The registration of a trademark for wines which contains or consists of a geographical indication identifying wines shall be refused or invalidated at the request of an interested party with respect to such wines not having this origin.]

3. In the case of homonymous geographical indications [for wine], protection shall be accorded to each indication, subject to the provisions of paragraph 4 of Article 24 above. Each PARTY shall determine the practical conditions under which the homonymous indications in question will be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled.

**Article 26: Exceptions**

[1. Where a geographical indication of a PARTY has been used with regard to goods originating outside the territory of that PARTY in good faith and in a widespread and continuous manner by nationals or domiciliaries of another PARTY, including use as a trademark, before the date of application of these provisions in the other PARTY as defined in Article 68 below, nothing in this Agreement shall prevent such continued use of the geographical indication by those nationals or domiciliaries of the said other PARTY.]

[2. A PARTY shall not take action to refuse or invalidate registration of a trademark first applied for or registered:

- (a) before the date of application of these provisions in that PARTY as defined in Article 68 below;
- (b) before the geographical indication is protected in its country of origin;

on the basis that the trademark is identical with, or similar to, a geographical indication.]

3. No PARTY shall [be required to] apply the provisions of this Article in respect of a geographical indication of any other PARTY with respect to goods for which the relevant indication is identical with the term customary in common language as the common name for such goods [or of the process for their production] in the territory of that PARTY, or where the goods are products of the vine, is the name of a grape variety.

4. There shall be no obligation under this Agreement to protect geographical indications which are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.

5. [On the request of a PARTY, each PARTY shall be willing to enter into good faith negotiations aimed at] [The provisions of the preceding paragraphs shall not prevent PARTIES from] concluding bilateral and multilateral agreements concerning the protection under this Section, with a view to increasing the protection for specific geographical indications.

#### **Article 27: Notification of Geographical Indications**

In order to facilitate the protection of geographical indications, the Committee shall [examine the establishment of] [establish] a multilateral system of notification and registration of geographical indications eligible for protection in the PARTIES participating in the system.

### **SECTION 4: INDUSTRIAL DESIGNS**

#### **Article 28: Requirements for Protection**

1. PARTIES shall provide for the protection of industrial designs which are new [and] [or] original. PARTIES may provide that designs are not new [and] [or] original if they do not significantly differ from known designs or combinations of known design features. PARTIES may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

2. Each PARTY shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. PARTIES shall be free to meet this obligation through industrial design law or through copyright.

#### **Article 29: Protection**

1. The owner of a protected industrial design shall have the right to prevent third parties not having his consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

2. PARTIES may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.

[3B. With respect to the obligations of the owner of a protected industrial design, the provisions set forth in paragraph 3(b) of Article 32 below shall apply.]

4. The duration of protection available shall amount to at least ten years.

## SECTION 5: PATENTS

### Article 30: Patentable Subject Matter

1. Subject to the provisions of paragraphs 2 and 3 below, patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.<sup>1</sup> [Patents shall be available without discrimination as to where the inventions were made.]

2. PARTIES may exclude from patentability inventions, the prevention within their territory of the publication or any exploitation of which is necessary: to protect public morality or order, including to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement; or to protect human, animal or plant life or health.

3. PARTIES may also exclude from patentability:

(a) [Diagnostic, therapeutic and] surgical methods for the treatment of humans or animals;

[(b)A Animal varieties [and other animal inventions] and essentially biological processes for the production of animals, other than microbiological processes or the products thereof. PARTIES shall provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof. This provision shall be reviewed [...] years after the entry into force of this Agreement.]

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<sup>1</sup>For the purposes of this Article, the terms "inventive step" and "capable of industrial application" may be deemed by a PARTY to be synonymous with the terms "non-obvious" and "useful" respectively.

[(b)B Plants and animals, including microorganisms, and parts thereof and processes for their production. As regards biotechnological inventions, further limitations should be allowed under national law.]

[(c)B Certain products, and processes for the manufacture of those products, on grounds of public interest, national security, public health or nutrition, including food, chemical and pharmaceutical products and processes for the manufacture of pharmaceutical products.]

[(d)B Inventions relating to nuclear or fissionable material.]

#### **Article 31: Rights Conferred**

1. A patent shall confer on its owner the following exclusive rights:
  - (a) to prevent third parties not having his consent from the acts of: making, using, offering for sale, selling, or importing<sup>1</sup> for these purposes the product which is the subject matter of the patent;
  - (b) where the subject matter of a patent is a process, to prevent third parties not having his consent from the act of using the process [, and from the acts of: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process].
2. Patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts.

#### **Article 32: Conditions and Obligations on Patent Applicants and Owners**

1. PARTIES shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application.
2. PARTIES may require an applicant for a patent to provide information concerning his corresponding foreign applications and grants.

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<sup>1</sup>This right, like all other rights conferred under this Agreement in respect of the use, sale, importation or other distribution of goods, is subject to the provisions of Article 6 above.

3. PARTIES may provide that a patent owner shall have the following obligations:

(a) To ensure the [working] [exploitation] of the patented invention in order to satisfy the reasonable requirements of the public. [For the purposes of this Agreement the term "working" may be deemed by PARTIES normally to mean manufacture of a patented product or industrial application of a patented process and to exclude importation.]

[(b) In respect of licensing contracts and contracts assigning patents, to refrain from engaging in abusive or anti-competitive practices adversely affecting the transfer of technology.]

4. PARTIES may adopt the measures referred to in Articles 34, 35 and 43 below to remedy the non-fulfilment of the obligations mentioned in paragraph 3 above.

#### **Article 33: Exceptions to Rights Conferred**

PARTIES may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

#### **Article 34: Other Use Without Authorisation of the Right Holder**

Where the law of a PARTY allows for other use<sup>1</sup> of the subject matter of a patent without the authorisation of the right holder, including use by the government or third parties authorised by the government, the following provisions shall be respected:

- (a) Each case of such use shall be considered on its individual merits.
- (b) Such use may only be permitted if, prior to such use, the proposed user has made efforts to obtain authorisation from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time. This requirement may be waived by a PARTY in the case of a national emergency or other circumstances of extreme urgency. In such situations, the right holder shall, nevertheless, be notified as soon as is reasonably practicable.
- (c) The scope and duration of such use shall be limited to the purpose for which it was authorised.

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<sup>1</sup>"Other use" refers to use other than that allowed under Article 33.

- (d) Such use shall be non-exclusive.
- (e) Such use shall be non-assignable, except with that part of the enterprise or goodwill which enjoys such use.
- (f) Any such use shall be authorised predominantly for the supply of the domestic market of the PARTY authorising such use.
- (g) Authorisation for such use shall be liable to be terminated when the circumstances which led to it cease to exist and are unlikely to recur, subject to adequate protection of the legitimate interests of the persons so authorised. The competent authority shall have the authority to review, upon request, the continued existence of these circumstances.
- (h) The right holder shall be paid [fair and equitable] [adequate] remuneration in the circumstances of each case, taking into account the economic value of the licence.
- (i) The legality of any decision relating to the authorisation of such use shall be subject to judicial review or other independent review by a distinct higher authority in that PARTY.
- (j) Any decision relating to the remuneration provided in respect of such use shall be subject to judicial review or other independent review by a distinct higher authority in that PARTY.
- (k) Laws, regulations and requirements relating to such use may [not] discriminate between fields of technology or activity [in areas of public health, nutrition or environmental protection or where necessary for the purpose of ensuring the availability of a product to the public at the lowest possible price consistent with giving due reward for the research leading to the invention].
- (l) PARTIES are not obliged to apply the conditions set forth in sub-paragraphs (b) [and (f)] above where such use is permitted to remedy a practice determined after judicial or administrative process to be anti-competitive. Appropriate remuneration may be awarded in such cases.
- (m) Where such use is authorised to permit the exploitation of a patent ("the second patent") which cannot be exploited without infringing another patent ("the first patent"), the following additional conditions shall apply:
  - (i) the invention claimed in the second patent shall involve an important technical advance in relation to the invention claimed in the first patent and, where the invention claimed in the second patent is a process, such process shall be one of considerable economic significance;

- (ii) the owner of the first patent shall be entitled to a cross-licence on reasonable terms to use the invention claimed in the second patent; and
- (iii) the use authorised in respect of the first patent shall be non-assignable except with the assignment of the second patent.
- (n) Authorisation by a PARTY of such use on grounds of failure to work or insufficiency of working of the patented product or process shall not be applied for before the expiration of a period of four years from the date of filing of the patent application or three years from the date of grant of the patent, whichever period expires last. Such authorisation shall not be granted [where importation is adequate to supply the local market or] if the right holder can justify failure to work or insufficiency of working by legitimate reasons, including legal, technical or economic reasons.
- (o) Notwithstanding the provisions of sub-paragraphs (a) - (k) above, where such use is made for public [non-commercial] purposes by the government or by any third party authorised by the government, PARTIES are not obliged to apply the conditions set forth in sub-paragraphs [...] above in such cases. [Where it comes to the knowledge of the government that a patent is being exploited under the provisions of this sub-paragraph, the government shall ensure that the patent owner is informed and is [fairly and equitably] [adequately] compensated.]

#### **Article 35 Revocation/Forfeiture**

An opportunity for judicial review of any decision to revoke or forfeit a patent shall be available.

#### **Article 36: Term of Protection**

[1A. The term of protection available shall not end before the expiration of a period of 20 years counted from the filing date<sup>1</sup>.]

[1B. It shall be a matter for national legislation to determine the term of protection.]

#### **Article 37: Reversal of Burden of Proof**

1. For the purposes of civil proceedings in respect of the infringement of the rights of the owner referred to in Article 31.1(b), if the subject matter of a patent is a process for obtaining a product, PARTIES [shall] [may] provide in at least one of the following circumstances that any

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<sup>1</sup>It is understood that those PARTIES which do not have a system of original grant may provide that the term of protection shall be computed from the filing date in the system of original grant.

identical product when produced by any party not having the consent of the patent owner shall, in the absence of proof to the contrary, be deemed to have been obtained by the patented process:

- (a) if the product obtained by the patented process is new;
- (b) if there is a substantial likelihood that the identical product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.

2. In the adduction of proof to the contrary, the legitimate interests of the defendant in protecting his manufacturing and business secrets shall be taken into account.

#### **SECTION 6: LAYOUT-DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS**

##### **Article 38: Relation to Washington Treaty**

PARTIES agree to provide protection to the layout-designs (topographies) of integrated circuits (hereinafter referred to as "layout-designs") in accordance with the substantive provisions of the Treaty on Intellectual Property in Respect of Integrated Circuits as opened for signature on 26 May 1989 and, in addition, to comply with the following provisions.

##### **Article 39: Scope of the Protection**

Subject to the provisions of Article 40.1 below, PARTIES shall consider unlawful the following acts if performed without the authorisation of the holder of the right: importing, selling, or otherwise distributing for commercial purposes a protected layout-design, an integrated circuit in which a protected layout-design is incorporated [, or an article incorporating such an integrated circuit. Rights extend to an article incorporating an integrated circuit only insofar as it continues to contain an unlawfully reproduced layout-design.]

##### **Article 40: Acts not Requiring the Authorisation of the Holder of the Right**

1. Notwithstanding Article 39 above, no PARTY shall be obliged to consider unlawful the performance of any of the acts referred to in that paragraph in respect of an integrated circuit incorporating an unlawfully reproduced layout-design [or any article incorporating such an integrated circuit] where the person performing or ordering such acts did not know and had no reasonable ground to know, when acquiring the integrated circuit [or article incorporating such an integrated circuit], that it incorporated an unlawfully reproduced layout-design. [PARTIES shall provide that, after the time that such person has received sufficient notice that the layout-design was unlawfully reproduced, he may perform any of the acts with respect to the stock on hand or ordered before such time, but shall be liable to pay to the holder of the right a sum equivalent to a reasonable royalty in a freely negotiated licence in respect of the layout-design.]

2. The conditions set out in sub-paragraphs (a) - (l) and (o) of Article 34 above shall apply mutatis mutandis in the event of any non-voluntary licensing of a layout-design or of its use by or for the government without the authorisation of the right holder.

#### Article 41: Term of Protection

1. In PARTIES requiring registration as a condition of protection, the term of protection of layout-designs shall not end before the expiration of a period of 10 years counted from the date of filing an application for registration or from the first commercial exploitation wherever in the world it occurs.

2. In PARTIES not requiring registration as a condition for protection, layout-designs shall be protected for a term of no less than 10 years from the date of the first commercial exploitation wherever in the world it occurs.

3. Notwithstanding paragraphs 1 and 2 above, a PARTY may provide that protection shall lapse 15 years after the creation of the layout-design.

#### [SECTION 7: PROTECTION OF UNDISCLOSED INFORMATION]

#### Article 42

1A. In the course of ensuring effective protection against unfair competition as provided in Article 10<sup>bis</sup> of the Paris Convention (1967), PARTIES shall protect undisclosed information in accordance with paragraphs 2 and 3 below and data submitted to governments or governmental agencies in accordance with paragraph 4 below.

2A. PARTIES shall provide in their domestic law the legal means for natural and legal persons to prevent information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices<sup>1</sup> so long as such information:

- is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- has commercial value because it is secret; and
- has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

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<sup>1</sup>For the purpose of this provision, "a manner contrary to honest commercial practices" shall [include] [mean] practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition.

3A. PARTIES shall not discourage or impede voluntary licensing of undisclosed information by imposing excessive or discriminatory conditions on such licences or conditions which dilute the value of such information.

4A. PARTIES, when requiring, as a condition of approving the marketing of new pharmaceutical products or of a new agricultural chemical product, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall [protect such data against unfair commercial use. Unless the person submitting the information agrees, the data may not be relied upon for the approval of competing products for a reasonable time, generally no less than five years, commensurate with the efforts involved in the origination of the data, their nature, and the expenditure involved in their preparation. In addition, PARTIES shall] protect such data against disclosure, except where necessary to protect the public.]

[SECTION 8: CONTROL OF ABUSIVE OR ANTI-COMPETITIVE  
PRACTICES IN CONTRACTUAL LICENCES]

Article 43

1. PARTIES agree that some licensing practices or conditions pertaining to intellectual property rights which restrain competition may have adverse effects on trade and may impede the transfer and dissemination of technology.

2B. PARTIES may specify in their national legislation licensing practices or conditions that may be deemed to constitute an abuse of intellectual property rights or to have an adverse effect on competition in the relevant market, and may adopt appropriate measures to prevent or control such practices and conditions, including non-voluntary licensing in accordance with the provisions of Article 34 and the annulment of the contract or of those clauses of the contract deemed contrary to the laws and regulations governing competition and/or transfer of technology. The following practices and conditions may be subject to such measures where they are deemed to be abusive or anti-competitive: (i) grant-back provisions; (ii) challenges to validity; (iii) exclusive dealing; (iv) restrictions on research; (v) restrictions on use of personnel; (vi) price fixing; (vii) restrictions on adaptations; (viii) exclusive sales or representation agreements; (ix) tying arrangements; (x) export restrictions; (xi) patent pooling or cross-licensing agreements and other arrangements; (xii) restrictions on publicity; (xiii) payments and other obligations after expiration of industrial property rights; (xiv) restrictions after expiration of an arrangement.

3B. Each PARTY shall enter, upon request, into consultations with any other PARTY which has cause to believe that an intellectual property right owner that is a national or domiciliary of the PARTY to which the request for consultations has been addressed is undertaking practices in violation

of the requesting PARTY's laws and regulations on the subject matter of this Section, and which wishes to secure compliance with such legislations, without prejudice to any action under the law and to the full freedom of an ultimate decision of either PARTY. The PARTY addressed shall accord full and sympathetic consideration to, and shall afford adequate opportunity for, consultations with the requesting PARTY, and shall co-operate through the supply of available information of relevance to the matter in question, subject to and dependent upon the assurances of confidentiality given by the requesting PARTY unless the party providing the information agrees to its disclosure or disclosure is compelled by law.

4. A PARTY whose nationals or domiciliaries are subject to proceedings in another PARTY concerning alleged violation of that other PARTY's laws and regulations on the subject matter of this Section shall, upon request, be granted an opportunity for consultations by the other PARTY under the same conditions as those foreseen in paragraph 3 above.]

### PART III: ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

#### SECTION 1: GENERAL OBLIGATIONS

##### Article 44

1. PARTIES shall ensure that enforcement procedures as specified in this Part are available under their national laws so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the dispute without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.

4. Parties to a dispute shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in national laws concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.

5. It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of laws in general, nor does it affect the capacity of PARTIES to enforce their laws in general.

## **SECTION 2: CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES**

### **Article 45: Fair and Equitable Procedures**

PARTIES shall make available to right holders<sup>1</sup> civil judicial procedures concerning the enforcement of any intellectual property right covered by this agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

### **Article 46: Evidence of Proof**

1. The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.

2. In cases in which a party to a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes a procedure relating to an enforcement action, a PARTY may accord judicial authorities the authority to make preliminary and final determinations, affirmative or negative, on the basis of the information presented to them, including the complaint or the allegation presented by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.

### **Article 47: Injunctions**

1. The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after

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<sup>1</sup>For the purpose of this Part, the term "right holder" includes federations and associations having legal standing to assert such rights.

customs clearance of such goods. PARTIES are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.

2. Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorised by a government, without the authorisation of the right holder are complied with, PARTIES may limit the remedies available against such use to payment of remuneration in accordance with sub-paragraph (h) of Article 34 above. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with national law, declaratory judgments and adequate compensation shall be available.

#### **Article 48: Damages**

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of his intellectual property right by an infringer who knew or had reasonable grounds to know that he was engaged in infringing activity.

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, PARTIES may authorise the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not know or had no reasonable grounds to know that he was engaged in infringing activity.

#### **Article 49: Other Remedies**

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimise the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. In regard to counterfeit goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

**Article 50: Right of Information**

PARTIES may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.

**Article 51: Indemnification of the Defendant**

1. The judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.

2. In respect of the administration of any law pertaining to the protection or enforcement of intellectual property rights, PARTIES shall not exempt public authorities or officials from liability, except for actions taken or intended in good faith in the course of the administration of such laws.

**Article 52: Administrative Procedures**

To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

**SECTION 3: PROVISIONAL MEASURES**

**Article 53**

1. The judicial authorities shall have the authority to order prompt and effective provisional measures:

- (a) to prevent an infringement of any intellectual property right [from occurring], and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;
- (b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures inaudita altera parte where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that his right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been adopted inaudita altera parte, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed.

5. The applicant may be required to supply other information necessary for the identification of the goods concerned by the authority that will execute the provisional measures.

6. Without prejudice to paragraph 4 above, provisional measures taken on the basis of paragraphs 1 and 2 above shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where national law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.

8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

**SECTION 4: SPECIAL REQUIREMENTS RELATED TO BORDER MEASURES<sup>1</sup>**

**Article 54: Suspension of Release by Customs Authorities**

PARTIES shall, in conformity with the provisions set out below, adopt procedures<sup>2</sup> to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods<sup>3</sup> may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. PARTIES may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. PARTIES may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.

**Article 55: Application**

Any right holder initiating the procedures under Article 54 above shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is prima facie an infringement of his intellectual property right and to

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<sup>1</sup>Where a PARTY has dismantled substantially all controls over movement of goods across its border with another PARTY with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

<sup>2</sup>It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

<sup>3</sup>For the purposes of this Agreement:

- Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.
- Pirated copyright goods shall mean any goods which are copies made without the consent of the right holder or person duly authorised by him in the country of production and which are made directly or indirectly from an article where the making of that copy constitutes an infringement of a copyright or a related right under the law of the country of importation.

supply a sufficiently detailed description of the goods to make them readily recognisable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.

**Article 56: Security or Equivalent Assurance**

The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.

**Article 57: Notice of Suspension**

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article 54 above.

**Article 58: Duration of Suspension**

If, within a period not exceeding ten working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or exportation have been complied with; in appropriate cases, this time-limit may be extended by another ten working days. Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, the provisions of Article 53.6 above shall apply.

**Article 59: Indemnification of the Importer  
and of the Owner of the Goods**

Relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to Article 58 above.

**Article 60: Right of Inspection and Information**

Without prejudice to the protection of confidential information, PARTIES shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any product detained by the customs authorities inspected in order to substantiate his claims. The competent authorities shall also have authority to give the importer an

equivalent opportunity to have any such product inspected. Where a positive determination has been made on the merits of a case, PARTIES may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question.

#### **Article 61: Ex Officio Action**

Where PARTIES require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired prima facie evidence that an intellectual property right is being infringed:

- (a) the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;
- (b) the importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions, mutatis mutandis, set out at Article 58 above;
- (c) public authorities or officials shall not be exempted by PARTIES from liability, except for actions taken or intended in good faith.

#### **Article 62: Remedies**

Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 49 above. In regard to counterfeit goods, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.

#### **Article 63: De Minimis Imports**

PARTIES may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments.

## SECTION 5: CRIMINAL PROCEDURES

### Article 64

PARTIES shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. PARTIES may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.

## PART IV: ACQUISITION AND MAINTENANCE OF INTELLECTUAL PROPERTY RIGHTS AND RELATED INTER-PARTES PROCEDURES

### Article 65

1. PARTIES may require, as a condition of the acquisition or maintenance of the intellectual property rights provided for under Sections 2-6 of Part II of this Agreement, compliance with reasonable procedures and formalities. Such procedures and formalities shall be consistent with the provisions of this Agreement.
2. Where the acquisition of an intellectual property right is subject to the right being granted or registered, PARTIES shall ensure that the procedures for grant or registration, subject to compliance with the substantive conditions for acquisition of the right, permit the granting or registration of the right within a reasonable period of time so as to avoid unwarranted curtailment of the period of protection.
3. Article 4 of the Paris Convention (1967) shall apply mutatis mutandis to service marks.
4. Procedures concerning the acquisition or maintenance of intellectual property rights and, where the national law provides for such procedures, opposition, revocation, cancellation or similar inter partes procedures, shall be governed by the general principles set out in paragraphs 2 and 3 of Article 44.
5. Final administrative decisions in any of the procedures referred to under paragraph 4 above shall be subject to review by a judicial or quasi-judicial authority. However, there shall be no obligation to provide an opportunity for such review of decisions in cases of unsuccessful opposition or administrative revocation, provided that the grounds for such procedures can be the subject of invalidation procedures.

**PART V: DISPUTE PREVENTION AND SETTLEMENT**

**Article 66: Transparency**

1. Laws and regulations, and final judicial decisions and administrative rulings of general application, made effective by any PARTY pertaining to the subject matter of this Agreement (the availability, scope, acquisition, enforcement and prevention of the abuse of intellectual property rights) shall be published, or where such publication is not practicable made publicly available, in a national language, in such a manner as to enable governments and right holders to become acquainted with them. Agreements concerning the subject matter of this Agreement which are in force between the government or a governmental agency of any PARTY and the government or a governmental agency of any other PARTY shall also be published.

2. PARTIES shall notify the laws and regulations referred to in paragraph 1 above to the Committee established under Part VII below in order to assist that Committee in its review of the operation of this Agreement. The Committee shall attempt to minimise the burden on PARTIES in carrying out this obligation and may decide to waive the obligation to notify such laws and regulations directly to the Committee if consultations with the World Intellectual Property Organisation on the establishment of a common register containing these laws and regulations are successful.<sup>1</sup> The Committee shall also consider in this connection any action required regarding notifications pursuant to the obligations under this Agreement stemming from the provisions of Article 6~~ter~~ of the Paris Convention (1967).

3. Each PARTY shall be prepared to supply, in response to a written request from another PARTY, information of the sort referred to in paragraph 1 above. A PARTY, having reason to believe that a specific judicial decision or administrative ruling or bilateral agreement in the area of intellectual property rights affects its rights under this Agreement, may also request in writing to be given access to or be informed in sufficient detail of such specific judicial decisions or administrative rulings or bilateral agreements.

4. Nothing in paragraphs 1 to 3 above shall require PARTIES to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

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<sup>1</sup>This provision depends on the decision to be taken regarding the institutional arrangements for the international implementation of this Agreement.

**Article 67: Dispute Settlement**<sup>1</sup>

PARTIES shall not have recourse in relation to other PARTIES to unilaterally decided economic measures of any kind. Furthermore, they undertake to modify and administer their domestic legislation and related procedures in a manner ensuring the conformity of all measures taken thereunder with the above commitment.

**PART VI: TRANSITIONAL ARRANGEMENTS**

**Article 68: Transitional Arrangements**

1. Subject to the provisions of paragraphs 2 and 3 below, PARTIES shall not be obliged to apply the provisions of this Agreement before the expiry of a period of [...] years following the date of entry into force of this Agreement for that PARTY.
2. Any developing country PARTY may delay for a period of [...] years the date of application, as defined under paragraph 1 above, of the provisions of this Agreement, other than Articles 3, 4 and 5 [, insofar as compliance with those provisions requires the amendment of domestic laws, regulations or practice].
3. Any other PARTY which is undertaking structural reform of its intellectual property system and faces special problems in the preparation and implementation of intellectual property laws, may also benefit from a period of delay as foreseen in paragraph 2 above.
4. Any PARTY availing itself of a transitional period under paragraphs 1, 2 or 3 shall ensure that any changes in its domestic laws, regulations and practice made during that period do not result in a lesser degree of consistency with the provisions of this Agreement.
5. Any PARTY availing itself of a transitional period in accordance with paragraph 2 or 3 above shall provide, on accession, a schedule setting out its timetable for application of the provisions of this Agreement. [This timetable shall be without commitment.] [The Committee established under Part VII below may authorise, upon duly motivated request, departures, consistent with provisions of paragraph 2 or 3 above, from the timetable.]

**Article 69: Least-Developed Countries**

1. In view of their special needs and requirements, their economic, financial and administrative constraints, and their need for flexibility to create a viable technological base, least-developed country PARTIES shall not be required to apply the provisions of this Agreement, other than

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<sup>1</sup>In regard to dispute settlement procedures, see the Annex to this text.

Articles 3, 4 [and 5, insofar as compliance with those provisions requires the amendment of domestic laws, regulations or practices for a period of [....] years from the date of application as defined under paragraph 1 of Article 68 above. The Committee shall, upon duly motivated request by a least developed country PARTY, accord extensions of this period.] The requirement of paragraph 5 of Article 68 above shall not apply to least developed country PARTIES.

2. Developed country PARTIES shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country PARTIES in order to enable them to create a sound and viable technological base.

#### **Article 70: Technical Cooperation**

In order to facilitate the implementation of this Agreement, developed country PARTIES shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favour of developing and least-developed country PARTIES. Such cooperation shall include assistance in the preparation of domestic legislation on the protection and enforcement of intellectual property rights as well as on the prevention of their abuse, and shall include support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters, including the training of personnel.

#### **PART VII: INSTITUTIONAL ARRANGEMENTS; FINAL PROVISIONS**

##### **Article 71: Committee on Trade Related Intellectual Property Rights**

PARTIES shall establish a Committee on Trade Related Intellectual Property Rights composed of representatives from each PARTY. The Committee shall elect its own chairperson, establish its own rules of procedure and shall meet not less than once a year and otherwise upon request of any PARTY. The Committee shall monitor the operation of this agreement and, in particular, PARTIES' compliance with their obligations hereunder, and shall afford PARTIES the opportunity of consulting on matters relating to trade related intellectual property rights. It shall carry out such other responsibilities as assigned to it by the PARTIES, and it shall, in particular, provide any assistance requested by them in the context of dispute settlement procedures. In carrying out its functions, the Committee may consult with and seek information from any source they deem appropriate. In consultation with the World Intellectual Property Organization, the Committee shall seek to establish, within one year of its first meeting, appropriate arrangements for co-operation with bodies of that Organization.<sup>1</sup>

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<sup>1</sup>This provision depends on the decision to be taken regarding the institutional arrangement for the international implementation of this Agreement.

#### Article 72: International Cooperation

PARTIES agree to co-operate with each other with a view to eliminating international trade in goods infringing intellectual property rights. For this purpose, they shall establish and notify contact points in their national administrations and be ready to exchange information on trade in infringing goods. They shall, in particular, promote the exchange of information and co-operation between customs authorities with regard to trade in counterfeit goods.

#### Article 73: Protection of Existing Intellectual Property

1. PARTIES shall apply the provisions of Articles 3, 4 and 5 of Part I, of Sections 2, 3, 7 and 8 of Part II, of Part III and of Part IV to subject matter under protection in a PARTY on the date of application of the provisions of this Agreement for that PARTY as defined in Part VI above.
2. PARTIES are not obliged to apply the provisions of Sections 1, 4, 5 and 6 of Part II to subject matter under protection in a PARTY on the date of application of the provisions of this Agreement for that PARTY, subject to the provisions of Article[s] 15 [and 16.6]. Subject matter in respect of which the procedures for the acquisition of rights have been initiated as of that date for which, however, the intellectual property title has not yet been granted shall [not] benefit from the provisions of this Agreement. Nothing in this Agreement shall affect other subject matter covered by these Sections which is already in existence and not under protection in a PARTY on the date of application of the provisions of this Agreement for that PARTY, subject to the provisions of Article[s] 15 [and 16.6].
3. The application of Articles 2 and 6 of this Agreement to existing intellectual property shall be governed by paragraphs 1 and 2 of this Article, as appropriate to the intellectual property right in question.

#### Article 74: Review and Amendment

1. PARTIES shall review the implementation of this Agreement after the expiration of the transitional period referred to in paragraph 2 of Article 68 above. They shall, having regard to the experience gained in its implementation, review it [-] years after that date, and at identical intervals thereafter. The PARTIES may undertake reviews in the light of any relevant new developments which might warrant modification or amendment of this Agreement.
2. Amendments merely serving the purpose of adjusting to higher levels of protection of intellectual property rights achieved, and in force, in other multilateral agreements and accepted by all PARTIES may be adopted by the Committee.

#### [Article 75: Reservations]

A PARTY may only enter reservations in respect of any of the provisions of this Agreement at the time of entry into force of this Agreement for that PARTY and with the consent of the other PARTIES.]

ANNEX

DISPUTE SETTLEMENT

Given that dispute settlement procedures are closely related to the question of the institutional arrangements for the international implementation of this Agreement, which question is specifically left for decision by Ministers when the results of the negotiations are established, and on which there are differing views, no attempt has been made to draft a single text on dispute settlement. Instead the following three texts are reproduced in this Annex in order to indicate the range of options presented and to provide a basis for possible elaboration in the light of the decision to be taken on institutional arrangements. Text I is the text that has figured in recent drafts.

Text I<sup>1</sup>

1. Consultations and settlement of disputes with respect to any matter affecting the operation of this Agreement shall take place under the authority of the Committee on Trade Related Aspects of Intellectual Property Rights.
2. The procedures for consultations and settlement of disputes shall as far as possible follow, mutatis mutandis, those adopted by the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade as a result of the dispute settlement negotiations in the Uruguay Round. Within this overall model, specific provisions relating to disputes under this Agreement shall apply as follows:
  - (a) If at the end of the period allowed for consultations, the PARTIES to a dispute have not reached agreement, the dispute shall be referred for conciliation, mediation and good offices, under the aegis of the chairman of the Committee on Trade Related Aspects of Intellectual Property Rights.
  - (b) If the procedure under sub-paragraph (a) above does not lead to a settlement within 30 days, the complaining PARTY may request the establishment of a panel.
  - (c) In order to ensure the availability of expertise in intellectual property matters, a roster of experts in the field shall be established by the Committee on Trade Related Aspects of Intellectual Property Rights. These experts shall be available to assist in conciliation, mediation and good offices; to serve as panelists; and to provide expert advice to panels.

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<sup>1</sup>These provisions are without prejudice to decisions to be taken on the international implementation of this Agreement, or on general GATT dispute settlement procedures.

- (d) If a PARTY fails to implement the recommendations and rulings of the Committee within the reasonable period of time, the complaining PARTY may:
- request the Committee for authorisation to suspend obligations under this Agreement; or
  - request the GATT Council for authorisation to suspend concessions or other obligations under the General Agreement on Tariffs and Trade. If the PARTY that would be subject to such measures objects to the level of suspension proposed, the matter shall be referred to arbitration. Such arbitration shall where possible be carried out by the original panel. The arbitration body shall determine whether the amount of trade covered is appropriate in the circumstances.

## Text II

- 1(a) When any dispute arises, concerning the interpretation or implementation of this Agreement, a PARTY may bring the matter to the attention of another PARTY and request the latter to enter into consultations with it.
- (b) The PARTY so requested shall provide promptly an adequate opportunity for the requested consultations.
- (c) The PARTIES engaged in consultations shall attempt to reach, within a reasonable period of time, a mutually satisfactory solution of the dispute.
2. If a mutually satisfactory solution is not reached within a reasonable period of time through the consultations referred to in paragraph (1), the PARTIES to the dispute may agree to refer to other means designed to lead to an amicable settlement of the dispute, such as good offices, conciliation, mediation and arbitration.
- 3(a) If the dispute is not satisfactorily settled through the consultations referred to in paragraph (1), or if the means referred to in paragraph (2) are not resorted to, or do not lead to an amicable settlement within a reasonable period of time, the Committee shall, at the request of either of the PARTIES to the dispute, convene a panel of three members to examine the matter. The members of the panel shall not, unless the PARTIES to the dispute agree otherwise, be from either PARTY to the dispute. They shall be selected from a list of designated governmental experts established by the Committee. The terms of reference for the panel shall be agreed upon by the PARTIES to the dispute. If such agreement is not achieved within three months, the Committee shall set the terms of reference for the panel

after having consulted the PARTIES to the dispute and the members of the panel. The panel shall give full opportunity to the parties to the dispute and any other interested PARTY to present to it their views. If both PARTIES to the dispute so request, the panel shall stop its proceedings.

- (b) The Committee shall adopt rules for the establishment of the said list of experts and the manner of selecting the members of the panel, who shall be governmental experts of the PARTIES, and for the conduct of panel proceedings, including provisions to safeguard the confidentiality of the proceedings and of any material designated as confidential by any participant in the proceedings.
  - (c) Unless the PARTIES to the dispute reach an agreement between themselves prior to the panel concluding its proceedings, the panel shall promptly prepare a report and provide it to the PARTIES to the dispute for their review. The PARTIES to the dispute shall have a reasonable period of time, whose length will be fixed by the panel, to submit any comments on the report of the panel, unless they agree to a longer time-frame in their attempts to reach a mutually satisfactory resolution to their dispute. The panel shall take into account such comments and shall promptly transmit its report to the Committee. The report shall contain the facts and recommendations for the resolution of the dispute, and shall be accompanied by the written comments, if any, of the PARTIES to the dispute.
4. The Committee shall give the report of the panel prompt consideration. The Committee shall by consensus, make recommendations to the PARTIES to the dispute, based upon its interpretation of this Agreement and the report of the panel. The Committee shall, thereafter, monitor the implementation of its recommendations.

#### Text III

PARTIES agree that, in the area of trade related intellectual property rights covered by this Agreement, they shall, in relation to each other, abide by the dispute settlement rules and procedures adopted by the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade as a result of the dispute settlement negotiations in the Uruguay Round, and abide by the recommendations, rulings and decisions of the CONTRACTING PARTIES.

## TRADE IN COUNTERFEIT AND PIRATED GOODS

### Preamble

Desirous of providing for adequate procedures and remedies to discourage international trade in counterfeit and pirated goods while ensuring an unimpeded flow of trade in legitimate goods;

Deeming it highly desirable to ensure competition in international trade and to prevent arrangements which may restrain such competition;

Recognising the need to take into consideration the public policy objectives underlying national systems for the protection of intellectual property, including developmental and technological objectives;

Recognising also the special needs of the least developed countries in respect of maximum flexibility in the application of this Agreement in order to enable them to create a sound and viable technological base.

### Section 1: Objectives

#### Article I

1. With respect to intellectual property and international trade, PARTIES agree on the following objectives:

- (a) To clarify GATT provisions related to the effects of the enforcement of intellectual property rights on international trade, in particular Articles IX and XX(d), and to provide for adequate procedures and remedies to discourage international trade in counterfeit and pirated goods.
- (b) To ensure that such procedures and remedies do not themselves become barriers to legitimate trade and are not applied in a discriminatory manner to imported goods.
- (c) To ensure the free flow of goods and prevent arrangements, effected by private or public commercial enterprises, which may result in the division of markets or otherwise restrain competition, thus having harmful effects on international trade.

## **SECTION 2: GUIDING PRINCIPLES AND NORMS**

### **Article II: Trade in Counterfeit and Pirated Goods**<sup>1</sup>

1. PARTIES undertake to discourage trade in counterfeit trademark and pirated copyright goods and to combat such trade without inhibiting the free flow of legitimate trade. For this purpose, they shall adopt in their respective national legislation the necessary measures, procedures and remedies set out in this Section.
2. PARTIES shall exchange information and promote cooperation between customs authorities with respect to trade in counterfeit trademark and pirated copyright goods.

### **Article III: Safeguard against Creation of Trade Impediments in the Application of Measures and Procedures to Enforce Intellectual Property Rights**

In the application of national measures and procedures to enforce intellectual property rights, PARTIES undertake to avoid the creation of impediments or distortions to international trade, and to refrain from applying their national legislation in a discriminatory manner to imports from the territories of other PARTIES. For this purpose, they shall observe the principles of national treatment and MFN enshrined in the GATT.

### **Article IV: Non-recourse to Unilateral Measures**

PARTIES shall refrain, in relation to each other, from threatening or having recourse to unilaterally decided economic measures of any kind aimed at ensuring the enforcement of intellectual property rights.

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<sup>1</sup>For the purposes of this Agreement:

- Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.
- Pirated copyright goods shall mean any goods which are copies made without the consent of the right holder or person duly authorised by him in the country of production and which are made directly or indirectly from an article where the making of that copy constitutes an infringement of a copyright or a related right under the law of the country of importation.

**Article V: Control of Anti-Competitive and Trade Distorting Practices**

PARTIES shall co-operate with each other to ensure the free flow of goods and to prevent intellectual property rights being used, through arrangements among enterprises, to create restrictions or distortions to international trade or to engage in anti-competitive practices having adverse effects on their trade. For this purpose, they undertake to exchange information and to agree upon the request of any other PARTY to consult with respect to any such practices and to take such measures in their territory as may be deemed appropriate with a view to eliminating the adverse effects of such practices.

**Article VI: Transparency**

Laws, regulations, judicial decisions and administrative rulings pertaining to the application of the principles and norms prescribed in Sections 1 and 2 shall be made publicly available in the official language of the PARTY adopting such texts and, shall be provided, upon request, to any other PARTY.

**SECTION 3: BORDER MEASURES<sup>1</sup> RELATED TO COUNTERFEIT AND PIRATED GOODS**

**Article VII: Suspension of Release by Customs Authorities**

PARTIES shall, in conformity with the provisions set out below, adopt procedures<sup>2</sup> to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. PARTIES may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. PARTIES may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of such goods destined for exportation from their territories.

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<sup>1</sup>Where a PARTY has dismantled substantially all controls over movement of goods across its border with another PARTY with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

<sup>2</sup>It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

**Article VIII: Application**

Any right holder initiating the procedures under Article VII above shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is prima facie an infringement of his intellectual property right and to supply a sufficiently detailed description of the goods to make them readily recognisable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.

**Article IX: Security or Equivalent Assurance**

The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.

**Article X: Notice of Suspension**

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article VII above.

**Article XI: Duration of Suspension**

If, within a period not exceeding ten working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or exportation have been complied with; in appropriate cases, this time-limit may be extended by another ten working days. Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, such provisional measures shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where national law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

**Article XII: Indemnification of the Importer  
and of the Owner of the Goods**

Relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to Article XI above.

**Article XIII: Right of Inspection and Information**

Without prejudice to the protection of confidential information, PARTIES shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any product detained by the customs authorities inspected in order to substantiate his claims. The competent authorities shall also have the authority to give the importer an equivalent opportunity to have any such product inspected. Where a positive determination has been made on the merits of a case, PARTIES may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question.

**Article XIV: Ex Officio Action**

1. Where PARTIES require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired prima facie evidence that an intellectual property right is being infringed:

- (a) The competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;
- (b) The importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions, mutatis mutandis, set out at Article XI above.
- (c) Public authorities or officials shall not be exempted from liability, except for actions taken or intended in good faith.

**Article XV: Remedies**

In order to create an effective deterrent to infringement and without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order, that goods that they have found to be infringing be, without compensation of any sort,

disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. In regard to counterfeit, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.

#### **Article XVI: Review**

The importer or other persons affected by border measures shall be entitled to judicial review or other independent review by a distinct higher authority of any final decision taken by an administrative authority.

#### **Article XVII: De Minimis Imports**

PARTIES may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments.