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Industrial Property – Quo Vadis? Where now after Cancún?

Felix Addor, Switzerland*

Given that no consensus was possible in Cancún, the 5th Ministerial Conference of the World Trade Organization (WTO) closed with a six-paragraph Ministerial Statement[1]. The Statement instructs Member governments' officials to continue work on outstanding issues with a renewed sense of urgency, taking fully into account all the views expressed in the Cancún Ministerial Conference. The Ministers ask the General Council Chairman and the WTO Director General to coordinate this work and to convene a meeting of the General Council at senior official level no later than 15 December 2003 to take the necessary action. This paper is discussing three of the main issues currently – and in future – under debate in the field of intellectual property in the WTO.

I. TRIPS and Public Health

1. WTO Declaration on TRIPS and Public Health

On 14 November 2001, the WTO Member States adopted the Declaration on the TRIPS Agreement[2] and Public Health (*Doha Declaration*)[3]. It recognizes the gravity of public health problems and stresses the need for the TRIPS Agreement to be part of the wider national and international action to address these problems. More particularly, the Doha Declaration underlines some of the essential flexibilities Members have under the TRIPS Agreement when addressing a public health problem as referred to in paragraph 1 of the Doha Declaration[4]. These flexibilities include, among others, the right to issue a compulsory license (hereinafter *CLs*) for a patented medicine and the freedom to determine the grounds upon which such a licence is granted, thus allowing countries in certain situations to manufacture generic products without the authorization of the patent holder. However, one issue remained unresolved in Doha: Paragraph 6 of the Doha Declaration recognized "…that WTO Members with insufficient or no manufacturing capacities in the pharmaceutical sector could face difficulties in making effective use of compulsory licensing under the TRIPS Agreement." Ministers in Doha instructed the TRIPS Council to find an expeditious solution to this problem and to report to the General Council before the end of 2002. The deadline was missed and a solution was only found on 30 August 2003, when the WTO General Council adopted a 'Decision on the Implementation of Paragraph 6 of the Doha Declaration' (*Paragraph 6 Decision*)[5].

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* The author is Head of the Swiss Delegation to the WTO/TRIPS Council, Chief Legal Officer and Deputy Director General of the Swiss Federal Institute of Intellectual Property (Ministry of Justice, Berne/Switzerland). The author would cordially like to thank Martin Girsberger, Alexandra Grazioli, Daniel Kraus and Mathias Schäli for their precious input. The views expressed in this paper are, however, solely those of the author. They do not necessarily reflect those of either the Swiss Federal Institute of Intellectual Property or of Switzerland. The author would be most grateful for any comments with regard to this paper. He may be contacted at felix.addor@ipi.ch.

[1] WTO Doc WT/MIN(03)/20, of 23 September 2003.

[2] WTO Agreement of 15 April 1994 on Trade-Related Aspects of Intellectual Property Rights.

[3] WTO Doc WT/MIN(01)/DEC/2 of 20 November 2001.

[4] Para. 1 of the Doha Declaration reads: "We recognize the gravity of the public health problem afflicting many developing and least-developing countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics."

[5] WTO Doc JOB(03)/177 and WT/L/540 of 30 August 2003.

2. Paragraph 6: The Gordian knot in the Doha Declaration

The problem at stake was the following: If a Member is facing a public health problem and is in need of a specific pharmaceutical product, which is still under patent protection, that Member might need to, as a last resort, have recourse to a CL to ensure supply of the domestic market with that pharmaceutical product. Article 31(f) of the TRIPS Agreement, however, only allows the grant of CLs *predominantly* for the supply of the *domestic market.* This restriction aims to prevent CLs being granted for exportation for purposes of industrial or commercial benefits, which would constitute an abuse of the CL system and a violation of the patent rights as provided in Article 28 TRIPS Agreement. Article 31(f) TRIPS Agreement also reflects the basic principle of territoriality[6] of patent law. Hence it follows that Members without or with insufficient domestic manufacturing capacity in the pharmaceutical sector face difficulties to make effective use of the policy tool of CL in practice, since there might be no local manufacturer to whom the CL can be granted for the domestic manufacture of the pharmaceutical needed.

3. Main points of controversy

The main points under dispute during negotiations for which agreement had to be found were, *among others*, the following:

- *Scope of the solution (diseases and products):* The solution found in the Paragraph 6 Decision applies to the public health problems as recognized in paragraph 1 of the Doha Declaration[7]. As regards products, the solution covers any patented product, or product manufactured through a patented process, of the pharmaceutical sector needed by a WTO Member to address the public health problems as recognized in paragraph 1 of the Declaration. Diagnostic kits, such as AIDS test kits, are also included when necessary for a proper dispensing of pharmaceutical products covered by the Paragraph 6 Decision. Active ingredients are similarly covered.
- *Beneficiary importing Members:* The consensus reached on this point provides that all LDCs are eligible to make use of the mechanism without further examination as to their manufacturing capacities. Every other Member can make use of the system after its notification to the TRIPS Council and an examination as to its manufacturing capacities. During negotiations, a large group of developing countries and also countries in transition rejected any *a priori* exclusion of Members from eligibility under the mechanism. In the Chairman's text[8] accompanying the solution agreed on 30 August, developed countries declare a total opt out, the 2004 EU accession countries and a group of high income developing countries a partial opt out from the system (i.e. use as importers only in situations of national emergency or other circumstances of extreme urgency)
- *Eligible supplying Members:* Every Member can act as supplying country under the system set out in the Paragraph 6 Decision[9].
- *Safeguards against diversion:* It was agreed that products produced under the Paragraph 6 Decision and exported to the Member in need of the medicines must not be diverted to other markets where they might be sold for the purpose of economic benefit, thereby depriving the people in need in the importing country of these pharmaceuticals and abusing the system. Safeguards against diversion are, first of all, in the interest of the beneficiary country and the people which need the medicines procured under the Paragraph 6 Decision. Diversion of pharmaceuticals produced under a 'Paragraph 6 CL' to developed country markets is also against the interest of the R&D based industry, depriving it of the return on investment necessary to do future research and development of new and more effective products. That is why products produced under a 'Paragraph 6 CL' for export shall be clearly identified through specific labeling or marking. Moreover, suppliers should distinguish such products through special packaging and/or special coloring/shaping of

[6] According to the *principle of territoriality* of patents, the effects of a patent are limited to the territory of the country having issued the patent. Accordingly, the suspension of the rights resulting from a compulsory license is limited to the territory of the country having issued the patent and the compulsory license.
[7] Para. 1(a) of the Paragraph 6 Decision.
[8] Para. 1(b) of the Paragraph 6 Decision and the General Council Chairperson's interpretative statement of 30 August 2003 in WTO Doc JOB(03)/177.
[9] Para 1(c) of the Paragraph 6 Decision.

these products, provided that such distinction is feasible and does not have a significant impact on price[10].

- *Legal Mechanism:* Noting the exceptional circumstances, it was agreed to solve the problem by *waiving* the obligations set out in Article 31(f) TRIPS Agreement with respect to pharmaceutical products.

There was a consensus among the WTO Membership that the goal of any solution to paragraph 6 of the Doha Declaration must be to benefit the Members in need. However, underlying economic interests complicated negotiations: industrialized countries with an important R&D pharmaceutical industry were – and are – strongly concerned that too broad a solution without clear limitations and safeguards could ultimately result in abuse of this compulsory license mechanism by Members with large generic / copycat industries. It is feared that the prime focus of the latter countries is not so much the markets of the 'poor' developing countries in need but much more those lucrative ones of high income developing and developed countries. A broad solution bears the risk to undermine the patent provisions of the TRIPS Agreement and therewith to negatively affect the incentive system provided by the patent system as a whole. Some developing country Members or Members in transition have indeed a considerable commercial interest to also copy and export patented pharmaceuticals beyond the expiry of the transitional period in 2005 and were (are) therefore in favor of a legal mechanism which is as broad as possible without limiting safeguards ("*all diseases, all products, all public health problems, for all Members, by all Members"*). The Sub-Saharan African countries, whose fate Ministers had first of all in mind when adopting the Declaration in Doha, were mainly interested in a solution as simple and straightforward for them as possible. Some of them, however, tried to infuse into the discussion the wider dimension of capacity building as regards domestic manufacturing in the pharmaceutical sector in their countries. In the Swiss view, this would be too broad an issue, however, to be addressed within the context of any paragraph 6 solution and would go way beyond the Doha mandate.

4. WTO Decision of 30 August 2003

WTO Members were eventually able to break the deadlock regarding paragraph 6 still in time before the WTO Ministerial Conference at Cancún of Mid-September 2003. A consensus on a solution for this highly contentious issue was found on 30 August 2003, when the WTO General Council agreed to adopt the TRIPS Council's Chairman's text of 16 December 2003 (the so-called *Motta*-text)[11] preceded by a General Council Chairperson's interpretative statement on the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health.

The decision unties the Gordian knot. The Chair's interpretative statement emphasizes that the solution is not meant as an instrument of industrial or commercial policy; anti-diversion measures must be taken or the purpose of the solution would be defeated; litigation should be resolved amicably; Further, the statement notes that a number of Member States (OECD countries as well as high income developing countries) have agreed to opt-out of using the solution as importers or to use it only in case of a national emergency or other circumstances of extreme urgency.

5. First evaluation of the result

By solving this politically highly sensitive issue, the WTO sends a positive signal to those developing countries confronted with public health problems and to the world in general. It is recalled that this Decision is the only result in connection with the 2003 WTO Ministerial Conference in Cancún. The adoption of the Decision is evidence that the TRIPS Agreement is not a rigid instrument for the exclusive benefit of rightholders in developed countries but one capable of reconciling intellectual property protection with public health policies.

[10] Para. 2(b)(ii) of the Paragraph 6 Decision.
[11] WTO Doc JOB(03)/177 and WT/L/540 of 30 August 2003.

The outcome might not be entirely satisfactory for all the various stakeholders. There is criticism from both, non-governmental organizations and industry representatives. It seems, however, to be the best possible agreement – at the present time and under present circumstances. It carefully reflects the delicate balance between the different interests, positions and concerns of the main negotiators and stakeholders involved.

It is difficult to assess the impact the Decision will have on the R&D based industry and, in particular, its willingness to continue to invest into expensive and time consuming research and development of new pharmaceuticals which risk to be subject to a 'paragraph 6 CL'. It is crucial to understand that the effective protection of innovations through patents plays a central role in stimulating R&D investment for new medicines. It is in this context that one appreciates the key significance of the safeguard measures against diversion adopted with the Decision. If pharmaceuticals produced under the paragraph 6 system are (re-)exported to the markets of rich countries, the R&D based industry would be deprived of the return on investment made when researching and developing these products. As a consequence, less R&D will be done on such medicines or vaccines. Safeguards against product diversion are, however, first of all in the very interest of the recipient countries themselves. If products are diverted from their markets for the sake of economic benefits, the goal of facilitating access to medicines in countries with insufficient manufacturing capacities cannot be reached.

It is suggested here that the most expeditious way of making patented pharmaceutical products accessible to a country facing a public health problem and having insufficient manufacturing capacities will always be by direct delivery of the product by the right holder at mutually agreed preferential prices (if such agreement is possible). Also a voluntary license negotiated between the right holder and a country in need or a country willing to produce such pharmaceuticals for the purpose of exporting them to a country in need with insufficient manufacturing capacities is more expeditious in practice than any solution based on a CL procedure will ever be.

6. Possible way forward

According to paragraph 11 of the Paragraph 6 Decision, the TRIPS Council shall initiate, by the end of 2003, work on the preparation of an amendment to the TRIPS Agreement with a view to its adoption within six months. This, with the understanding that a possible amendment will be based, where appropriate, on the Paragraph 6 Decision and on the further understanding that it will *not* be part of the Single Undertaking.

- ⇨ If such an amendment of the TRIPS Agreement is to be adopted within the mandated time limit, the introduction into the discussions of issues which are beyond the Paragraph 6 Decision should be avoided. Any attempt by stakeholders to broaden (or to limit) the solution would be opening the Pandora's box.
- ⇨ The only efficient way to implement the agreement found seems to be a 'simple' amendment of Article 31(f) TRIPS (plus an Annex hereto), based on the text of the Paragraph 6 Decision and the Chair's interpretative statement.

The impact of the Doha Declaration and the Paragraph 6 Decision will, however, ultimately depend on their implementation by those Member States in need of the flexibilities identified and not on the possible amendment to the TRIPS Agreement. While implementing the Decision to the national law, the statement of the General Council's Chairman has to be equally taken into account as part of the context of the Decision[12].

Although the Gordian knot of paragraph 6 of the Doha Declaration is cut, the problem at the root of insufficient access to medicines of many developing countries is still far from actually being solved. WTO's contribution to the solution of the problem is, by definition, limited to trade-related aspects, such as intellectual property right matters or customs duties. However, insufficient access to medicines in developing countries is often due to distributional and other deficiencies which are the result of a combination of social, political and economic factors. It would be illusionary to believe that the situation of victims of public health problems could be improved with an amendment of the TRIPS Agreement. To efficiently remedy the precarious health situation in many developing countries, a large number of other issues must also be

[12] Vienna Convention on the Law of Treaties, Article 31.

addressed in a sustainable manner, the majority of which cannot be dealt with under the umbrella of WTO:

- ⇨ First, information and prevention, particularly in developing countries, must be improved to halt the growing numbers of infections with incurable diseases such as AIDS.
- ⇨ Secondly, infrastructure such as hospitals, medical equipment, roads, electricity, etc. in developing countries must be developed or reinforced, if real improvement of the situation is to occur. This also includes
  - (a) assuring good governance of local authorities,
  - (b) respect for the fundamental human rights of sick people and, where necessary,
  - (c) effective fight against excessive bureaucracy and corruption.
- ⇨ One important step actually within the authority of the WTO would be to reduce or lift taxes on imported pharmaceutical products. High import taxes considerably raise the price of imported medicines, even those which are exported at low price. In certain developing countries, for instance, import taxes account for 35% of the price of anti-retroviral drugs.
- ⇨ In the end, the true Gordian knot is a financial one: it is impossible to fight public health problems effectively with barely a few dollars per capita, which is the amount of the annual health budget in many developing countries. Reducing the misery in third-world countries can only occur by concerted action and important financial support from the international community, especially from wealthier countries.

II. Access to Genetic Resources and Traditional Knowledge

1. The issues under debate

In the context of access to genetic resources and the sharing of the benefits arising from their use and the protection of traditional knowledge (TK) and folklore, many complex legal, political, economic and scientific issues arise. Various international fora have been discussing these issues, including the Convention on Biological Diversity (Biodiversity Convention, CBD), the Food and Agriculture Organization (FAO), the World Intellectual Property Organization (WIPO), and the World Trade Organization (WTO). A number of measures are being discussed to address these issues, including measures related to intellectual property rights.

Before the 4th WTO Ministerial Conference in Doha, TK did not have a firm standing in the TRIPS Council's discussion. While some delegations tried to address the issue in the context of the review of Article 27.3(b) TRIPS and Article 71.1 TRIPS, respectively, others refused to enter into any discussion on the issue, holding the view that it is beyond the mandated review work of the TRIPS Council. At the 4th WTO Ministerial-Conference of Doha, Ministers instructed in Paragraph 19 of the Ministerial Declaration, "*the Council for TRIPS, in pursuing its work programme including under the review of Article 27.3(b), the review of the implementation of the TRIPS Agreement under Article 71.1 and the work foreseen pursuant to paragraph 12 of this Declaration, to examine,* inter alia*, the relationship between the TRIPS Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore, and other relevant new developments raised by Members pursuant to Article 71.1. In undertaking this work, the TRIPS Council shall be guided by the objectives and principles set out in Articles 7 and 8 of the TRIPS Agreement and shall take fully into account the development dimension.*" With the discussions mandated by Ministers, the discussion on access to genetic resources and the protection of TK has a more prominent and firm standing in the TRIPS Council. This has been a considerable success for those countries promoting such a discussion.

2. Current state of discussions in the WTO

Several WTO Members have expressed their views on the issues arising with regard to access and benefit sharing, the protection of TK and folklore, and the relationship between the TRIPS Agreement and the CBD, in written communications. The views expressed vary with regard to the solutions proposed and the forum considered to be competent to find these solutions. Among the more recent communications submitted to the TRIPS Council are the following:

- *European Communities and their Member States*[13]*:* In this Concept Paper, the EC and their Member States agree to examine the possible introduction of a system, such as for example a self-standing disclosure requirement, that would allow Members to keep track, at the global level, of all patent applications with regard to genetic resources for which they have granted access. In this regard, the EC state their willingness to enter into discussions in the TRIPS Council on the introduction of a multilateral system for disclosing and sharing information about the geographical origin of biological material in patent applications. According to the Concept Paper, failure to fulfill the required disclosure of origin should result in sanctions that are outside the scope of patent law.
- *United States*[14]*:* This communication describes the regime for access to genetic materials in US national parks. In the view of the US, a similar contract-based system, which is adapted to the legal systems and government structures of other countries, could work to promote the sustainable use of genetic resources and to ensure that the benefits resulting from research are shared with the source of the resources.
- *Switzerland*[15]*:* Switzerland proposes specific wordings for amending WIPO's Patent Cooperation Treaty (PCT) and, by reference, the Patent Law Treaty (PLT). More specifically, Switzerland proposes to explicitly enable the national law to require patent applicants to declare the source of genetic resources and TK in patent applications, if an invention is directly based on such resources or knowledge. Failure to declare the source would hold up the examination of the patent application and, in the case of fraudulent intention, affect the validity of a granted patent. Such a provision would facilitate for the countries of origin of genetic resources or indigenous communities tracking the use of their resources and traditional knowledge. Additionally, Switzerland proposes to both WIPO and the WTO the creation of an international internet portal for TK, electronically linking local and national databases for TK[16].
- *Bolivia, Brazil, Cuba, Dominican Republic, Ecuador, India, Peru, Thailand, Venezuela*[17]*:* This submission proposes to insert a provision in the TRIPS Agreement mandating patent applications for inventions using biological resources and TK to (1) disclose the source of origin of such resources and knowledge, (2) provide evidence that the patent applicant obtained the necessary prior informed consent (PIC), and (3) provide evidence that the applicant complied with national laws on benefit sharing. The fulfilment of these requirements would be a condition for acquiring patent rights.
- *The African Group*[18]*:* This communication proposes to introduce a new paragraph 3 in Article 29 of the TRIPS Agreement, which would require patent applicants "*to disclose the country and area of origin of any biological resources and traditional knowledge used or involved in the invention, and to provide confirmation of compliance with all access regulations in the country of origin*." In an annex, the African Group proposes a decision by the TRIPS Council concerning the protection of TK.

In addition to these communications, Members presented their views in oral statements to the TRIPS Council. In the meeting of June 2003, the following views were expressed: *Norway* supported the proposals submitted by Switzerland to amend the Regulations of the PCT. *Canada* and *Australia* stated that they intend to discuss these issues in the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) of WIPO. The US spoke against the introduction of any disclosure requirements in patent law to address access and benefit sharing issues; they furthermore stated that all biodiversity related issues should be removed from the agenda of the TRIPS Council.

Due to lengthy discussions on other issues, in particular on TRIPS and public health, the TRIPS Council did not spend much time to substantially advance the examination of these issues as mandated in Paragraph 19 of the Doha Declaration prior to the 5th WTO Ministerial Conference in Cancún. Consequently, the TRIPS Council was unable to submit specific results and

[13] WTO Doc IP/C/W/383 of 17 October 2002.
[14] WTO Doc IP/C/W/393 of 28 January 2003.
[15] WTO Doc IP/C/W/400/Rev.1 of 18 June 2003 and WIPO Doc PCT/R/WG/4/13 of 5 May 2003.
[16] WTO Doc IP/C/W/400/Rev.1 of 18 June 2003 and IP/C/W/284 of 15 June 2001.
[17] WTO Doc IP/C/W/403 of 24 June 2003.
[18] WTO Doc IP/C/W/404 of 26 June 2003.

proposals to the General Council and the Cancún Conference. In Cancún, negotiations mainly focused on the issue of agriculture, again leaving little time to discuss the issues of Paragraph 19 of the Doha Declaration and related issues. In paragraph 23 of the 2nd revision of the Chair's Draft Cancún Ministerial Text[19], it was proposed that Ministers agree the work being continued in the TRIPS Council on the basis of paragraph 19 of the Doha Declaration and that the General Council reports on this work to the next Ministerial Conference. The relationship between the TRIPS Agreement and the CBD, and the protection of TK and folklore will, on the basis of Paragraph 19 of the Doha Declaration, continued to be addressed by the next meeting of the TRIPS Council, which is foreseen to be held 18-21 November 2003.

3. Possible way forward

The issues arising in the context of access to genetic resources and the sharing of the benefits resulting from their use as well as of the protection of TK and folklore are manifold. Some of these issues can be addressed by measures related to intellectual property, whereas others will require measures completely *outside* the scope of intellectual property. The former include measures such as

(a) the disclosure of specific information in patent applications;

(b) databases for the recording of TK and their use to promote protection and prevent appropriation;

(c) *sui generis* intellectual property systems for the protection of TK;

(d) the development of an intellectual property management tool for the documentation of TK;

(e) a database of contractual practices and clauses relating to intellectual property, access to genetic resources and benefit sharing;

(f) inventories of TK-related databases and periodicals, etc.

The measures related to intellectual property are currently being discussed in various international fora, in particular the IGC of WIPO. Up to now, however, these discussions have not brought the necessary results allowing for the effective and efficient resolution of the many complex legal, political, economic and scientific issues arising. The IGC is, however, well ahead of the TRIPS Council as regards the discussion of these questions.

⇨ In absence of any decision of Ministers in Cancún, and with WIPO's technical expertise, WIPO seems the more appropriate body to deal with the issues at stake than the WTO/TRIPS Council. The work of the TRIPS Council should therefore, as far as possible, draw upon the work of other international fora, in particular the IGC of WIPO.

Although not a *demandeur on these issues*, Switzerland will continue to actively and constructively participate in the discussions in the relevant international fora and will further pursue the proposals it submitted to the WTO and WIPO[20]:

⇨ to establish an international internet portal for TK. This would be an important instrument to prevent bio-piracy by giving patent authorities simple and quick access to a database of TK in order to more easily find existing TK when examining novelty and inventiveness of patents applied for.

⇨ In light of the failure of WTO Ministers to reach an agreement in Cancún, Switzerland feels confirmed in its proposal to amend the Regulations under the PCT to explicitly enable national law to require patent applicants to declare the source of genetic resources and TK in patent applications. An amendment of the TRIPS Agreement is not necessary in this respect. In the view of Switzerland, it is therefore crucial to avoid endless political discussions on these issues in the TRIPS Council and to find effective, efficient and timely solutions in WIPO instead.

[19] WTO Doc JOB(03)/150/Rev.2 of 13 September 2003.
[20] WIPO Doc PCT/R/WG/4/13 of 5 May 2003.

III. Geographical Indications

A. Multilateral register for geographical indications for wines and spirits

1. The issue under debate

The multilateral register aims to facilitate the protection of geographical indications ('GIs') for wines and spirits as provided in Article 22 and 23 TRIPS Agreement. The registration of the GIs aims to facilitate protection against illegitimate use, by providing WTO Members' authorities with a list of denominations which are recognised as GIs in the respective country of origin.

2. Current state of discussions in the WTO

The negotiation on the establishment of a multilateral system of notification and registration of GIs for wines is part of the built-in agenda of section 3 of the TRIPS Agreement on GIs, more particularly of Article 23.4. At the Ministerial Conference in Singapore in 1996, it was decided to include also spirits in the system to be established. Pursuant to the Doha Declaration[21] and the decision of the Trade Negotiations Committee ('TNC') in February 2002, negotiations on the register have been held in special sessions of the TRIPS Council. Given the wide divergence on key questions (legal effects, participation) of such a register among WTO Members, it was not possible to complete negotiations by the 5th WTO Ministerial Conference of Cancún, the deadline provided for in the Doha Declaration. Accordingly, the first revision of the Draft Ministerial Text submitted to Ministers in Cancún proposed a new deadline for the conclusion of the negotiations – leaving the exact date for this deadline for Ministers to agree in Cancún – without giving any guidance on substantive matters (legal effects, participation)[22].

Delegations in favour of an effective protection of GIs – with the European Union and Hungary in the lead regarding the register – advocate that participation in the multilateral system should be mandatory for all WTO Members and that registrations should have binding legal effect. The European Union and its Member States propose that the registration should establish a "presumption" that the GI deserves protection in all WTO Members. Under the EU proposal, once a term is registered, and provided there has been no challenge within 18 months, protection may not be refused[23]. Hungary submitted a slightly modified proposal, with an arbitration procedure deciding a dispute, if differences cannot be settled in bilateral consultations[24]. Switzerland, convinced of the usefulness of a legally binding register for all WTO Members and for all products, supports the EU[25] proposal, but also the Hungarian proposal. A multilateral arbitration procedure seems a particularly important element of such a system from a small country Member perspective. The objective of the Members in favour of an effective protection of GIs for the Cancún Ministerial Declaration was to include guidance on substantive matters (legal effects, participation) in order to make progress on the negotiation. They also called for an early deadline for negotiations to be concluded.

Delegations opposed to an effective protection of geographical indications, such as Australia, Argentina, Japan and the United States[26], take a rather minimalist approach. They propose a system of voluntary participation by which notified GIs would be simply listed in a database. Only obligation on Members participating in the system: consultation of the database when taking decisions on the protection of a specific GI in their country. Non-participating Members would be "encouraged" but "not obliged" to consult the database for this purpose[27]. These countries supported the text of the first revised Draft of the Cancún Ministerial Text as it stood, suggesting an extended deadline to finish negotiations by the 6th Ministerial Conference.

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21 WTO Doc WT/MIN(01)/DEC/1 of 20 November 2002, §18.
22 WTO Doc JOB(03)/150/Rev.1 of 24 August 2003, §8.
23 WTO Doc IP/C/W/107/Rev.1 of 28 July 1998.
24 WTO Doc IP/C/W/255 of 3 May 2001.
25 WTO Doc TN/IP/W/3 of 24 June 2002, also signed by Bulgaria, Cyprus, the Czech Republic, the EU, Georgia, Hungary, Iceland, Malta, Mauritius, Moldova, Nigeria, Romania, the Slovak Republic, Slovenia, Sri Lanka and Turkey.
26 WTO Doc TN/IP/W/5 of 23 October 2002, also signed by Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Namibia, New Zealand, Philippines and Chinese Taipei.
27 WTO Doc IP/C/W/133/Rev.1, TN/IP/W/5 and TN/IP/W/6.

Hong Kong, China proposes somehow a compromise text according to which registering a term would enjoy a more limited "presumption" in participating countries than under the EU proposal. It does not provide for an arbitration system to settle differences[28].

3. Possible way forward

In absence of any decision of Ministers in Cancún on guidance on substantive matters, it must be assumed that delegations will continue to repeat well-known positions in the negotiations on the register in the foreseeable future. That is why impetus to break the deadlock is needed; it may be given by either of the following bodies:

- ⇨ Members continue to try to reach agreement on the key points of the multilateral system in the Special Session of the TRIPS Council to be called to conclude negotiation on this basis in 2004.
- ⇨ The General Council meeting at senior official level no later than on 15 December 2003 will give guidance on key substantive points of the multilateral system (legal effects, participation, etc.) and on the deadline by which negotiations shall be concluded.
- ⇨ The Ministerial Conference to be convened in 2004 will adopt, in its Declaration, guidance on substantive key points of the multilateral system (legal effects, participation, etc.) and on the deadline by which negotiations shall be concluded.

B. Extension of the more effective protection of Article 23 TRIPS Agreement to all products

1. The issue under debate

The TRIPS Agreement reserves the more effective protection of Article 23 TRIPS Agreement to GIs for wines and spirits. Thus, it does not prohibit the usurpation and illegitimate use of GIs such as *"Geneva Watch made in China"*, *"Mexican Manchego Cheese"*, or *"Ceylon Tea made in Malaysia"*. According to the present level protection under Article 22 TRIPS Agreement, it is sufficient to indicate on a product, even if in small print or at the back, its true origin in order for such illegitimate use of a GI said not to be misleading and therefore permissible. By contrast, the label *"Spanish Tequila"* or *"Bordeaux-type Red Wine, produced in Argentina"* is unlawful. Thus, producers of rice, coffee, cheese, watches and carpets are clearly discriminated. The purpose of extension of the protection of Article 23 TRIPS Agreement to products other than wines and spirits ('extension') is to confer this more effective TRIPS level of protection to GIs of all products and to put thus all producers on an equal footing, independently from the category of products.

Unlike in many other instances in the WTO, GIs are an issue where the dividing line among Members is not congruent with the North – South divide. Much more it is an issue of controversy between 'emigrant' countries (Europe, Africa and part of Asia) and 'immigrant' countries (USA, Australia and Latin American countries). The issue of extension is of particular interest to developing countries because of the importance of the remunerative marketing of their agricultural, handicraft and artisan production. In addition, GIs have features that respond to the needs of indigenous and local communities and farmers. GIs are based on collective traditions and a collective decision-making process; they reward traditions while allowing for continued evolution; they emphasize the relationship between human efforts, culture, land, resources and environment; and they are not freely transferable from one owner to another[29].

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[28] WTO Doc TN/IP/W/8.

[29] See FELIX ADDOR/ALEXANDRA GRAZIOLI, Geographical Indications beyond Wines and Spirits – A Roadmap for a Better Protection for Geographical Indications in the WTO TRIPS Agreement, Journal of World Intellectual Property 2002, pp. 893-895, <http://www.ige.ch/E/jurinfo/pdf/PDF-doku3.pdf>.

2. The current state of discussion at the WTO

Pursuant to the Doha Declaration[30] and the TNC decision of February 2002, issues related to extension were first addressed as a matter of priority in the regular meetings of the TRIPS Council which should have recommended to the TNC, by the end of 2002, appropriate action[31]. Given the persistent divergence among WTO Members on whether there exists a mandate to launch negotiations on extension[32], it was not possible to reach a consensus on this issue before the Ministerial Conference of Cancún. This, in spite of intensive consultations by the chair of the TNC since January 2003 and, at a second stage, by the Director-General himself ('DG'). Therefore, the second Draft Ministerial Text submitted to the Ministers in Cancún refers to extension as an implementation issue, proposing simply continuation of the consultations of the DG on this issue. Indicating no specific deadline, the General Council is proposed to review progress and take any action deemed appropriate[33].

WTO Members advocating extension ("Friends of GIs")[34] - provided the TRIPS Council and the TNC with substantive elements in favour of extension, presenting the advantages of extension for producers and consumers, but also for sustainable development[35]. The common objective of the GI Friends was – and is – to get a clear mandate, confirming negotiations on extension as part of the Single Undertaking of the Doha Round[36].

WTO Members opposing extension (Argentina, Australia, USA, etc.[37]*)* contest that extension is part of the Doha Round mandate[38]. Their objective is to remove extension from the Doha Development Agenda. Their opposition to extension increased even after the EU-submission of the list of geographical names in the negotiations on agriculture[39]. The latter was understood by those countries opposed to extension as confirming their concerns that the ultimate goal of extension is to achieve "roll back protection".

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30 WTO Doc WT/MIN(01)/DEC/1 of 20 November 2002, §12 and 18.

31 WTO Doc TN/C/M/1 of 14 February 2002, in particular p. 4 and § 9-12.

32 Delegations interpret § 12 and 18 of the Doha Declaration differently: for the EC and its Member States, Switzerland, many Middle and East European countries, Kenya, Mauritius, Nigeria, Pakistan, Sri Lanka, Thailand and Turkey, the text of §18 of the Doha Declaration provided a clear mandate to launch negotiations on extension (see WTO Doc WT/MIN(01)/11 of 14 November 2002). Other WTO Members, such as Argentina or Australia, argue that this issue, like other implementation issues, can only become negotiating subject if the TNC decides to include it in the talks, what it did not so far; see also WTO Doc WT/MIN(01)/8 of 12 November 2002.

33 WTO Doc JOB(03)/150/Rev.1 of 24 August 2003, §12.

34 Including, in particular, Bulgaria, China, Cuba, the Czech Republic, the European Communities and its Member States, Hungary, Jamaica, Liechtenstein, Kenya, Mauritius, Nigeria, Pakistan, the Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand and Turkey.

35 Among the more recent and important communications submitted to the WTO are the following: IP/C/W/204/Rev.1; IP/C/W/247/Rev.1; IP/C/W/308/Rev.1; IP/C/W/353; TNC/W/7; TN/C/W/14.

36 For some Members, extension is part of the Doha Single Undertaking and therefore linked to other issues of the current WTO negotiations:

- for *Switzerland*, interested to assure general better market access for quality products, progress in the negotiation on extension - considered as a non trade concern in the negotiation on agriculture - is a condition to agree to a significant deal in agriculture (see Doc JOB(03)/100 of 28 August 2003 on market access and JOB(03)/116 of 17 September 2003 on domestic support);
- *a group of developing countries (such as India, Pakistan, etc.)* presented, end of August 2003, a new language on implementation issues for the Cancún Declaration, calling for a negotiating group to address *all* the remaining outstanding implementation issues – including extension - and requesting decisions by March 2004 (see Doc JOB(03)/179 of 28 August 2003).
- Following a parallel strategy with extension, the *European Communities and its Member States* submitted a list of geographical names currently used by producers for products other than those actually originating from the place indicated by the GI with the goal to prohibit such use in the future in its proposal for modalities on agriculture (see Doc JOB(03)/12/Rev.1 of 5 September 2003.

37 And also Canada, Chile, Chinese Taipei, Colombia, the Dominican Republic, El Salvador, Ecuador, Guatemala, Honduras, New Zealand and Panama.

38 Among the more recent and important communications submitted to the WTO are the following: IP/C/W/289; IP/C/W/360 & 386; IP/C/W/395.

39 WTO Doc JOB(03)/12/Rev.1 of 5 September 2003.

3. Possible way forward

In absence of any decision of Ministers in Cancún on the mandate on extension, consultations at DG level will continue without clear guidance. Work that not only could contribute to a more effective protection of GIs in Member States but also to move things forward and eventually assist to break the deadlock in the WTO include:

- ⇨ Awareness campaigns on the usefulness and the economic, commercial and social benefits of GIs for a very large number of WTO Members, in particular for developing countries. In order to reap these benefits, however, many of these countries have to do their homework first:
  - (a) Need for action: identification of protectable GIs and protection at the national level in order to claim international protection (Article 24.9 TRIPS Agreement). National inventories of GIs need to be established, the most appropriate protection system evaluated and implemented[40].
  - (b) Development agencies and development organisations should further study the pros and cons of extension, in particular from a developing country perspective.
- ⇨ Pro GI countries should actively combat usurpation of their GIs for products not originating from where indicated by the GI in order to prevent these GIs from becoming generic or grandfathered elsewhere.
- ⇨ Pro GI countries should use the avenue of bilateral and plurilateral agreements with a view to achieve a better protection of their GIs.
- ⇨ Producers of GI products should lobby with their governments and authorities in order to push them to become proactive in the WTO negotiations on extension.
- ⇨ In the consultations of the DG and the General Council meeting to be convened before December 15, 2003 (and if necessary, at the next WTO Ministerial conference), the Friends of GIs need to insist on a specific mandate, resp. on a confirmation of the mandate for negotiations on extension.
- ⇨ For this mandate, the Friends of GIs should demand the establishment of a special negotiating body (Special Session of TRIPS Council) under the auspices of the TNC, as well as the adoption of the following guidelines for the negotiations on extension:
  - (a) the protection of Article 23 of the TRIPS Agreement shall apply to geographical indications for all products;
  - (b) the exceptions contained in Article 24 of the TRIPS Agreement shall apply *mutatis mutandis*;
  - (c) the multilateral register to be established shall be open for geographical indications for all products[41].

[40] For further recommendations for the developing countries, see David Vivas Eugui, Negotiations on geographical indications in the TRIPs Council and their effect on the WTO agricultural negotiations, Journal of World Intellectual Proprerty, 2001, pp. 720-721. For more information on the Swiss experience in this regard, see UNCTAD-ICTSD Project on Intellectual Property Rights and Sustainable Development, Intellectual Property Rights: Implications for Development, August 2003, p.113, <http://www.iprsonline.org/unctadictsd/projectoutputs.htm#policy>.

[41] Doc IP/C/W/353 of 24 June 2002 and TN/C/W/7 of 29 November 2002.