

**Council for Trade-Related Aspects
of Intellectual Property Rights
Special Session**

MINUTES OF MEETING

Held in the Centre William Rappard
on 23 September 2004

Chairperson: Ambassador Manzoor Ahmad (Pakistan)

The present document contains the record of the discussion which took place during the meeting of the TRIPS Council Special Session held on 23 September 2004.

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1. The Special Session agreed to adopt the agenda as set out in WTO/AIR/2370.

A. ORGANIZATION OF WORK

2. The Chairman, in the light of informal consultations that had been held on 14 September, suggested that the time of this session be divided between the formal session of the Council and informal consultations among delegations. He suggested that, when discussing agenda item B, delegations should focus on the three sets of issues, namely legal effects and participation, administrative and other burdens and issues relating to the technical and procedural operation of notification and registration systems flagged in headings 7–14 of document JOB(03)/75. He made it clear that his reference to document JOB(03)/75 was not designed to attribute to it any particular status.

B. NEGOTIATION ON THE ESTABLISHMENT OF A MULTILATERAL SYSTEM OF NOTIFICATION AND REGISTRATION OF GEOGRAPHICAL INDICATIONS FOR WINES AND SPIRITS

3. The representative of the European Communities said that his delegation continued to believe that a register under this provision should have binding legal effects and be multilateral in nature. Recalling that all WTO Members were already under an obligation to implement Section 3 of Part II of the TRIPS Agreement, he said that for his delegation, the register should have one function, namely the facilitation of protection of geographical indications (hereinafter "GIs"). This function could not

be achieved by a system that merely provided unreliable information. Instead, the certainty and transparency in the application of the provisions of Section 3 should be increased. Therefore, the EC proposed a system under which Members would in a way be bound to take a decision as to whether they would allow for protection of certain geographical indications notified under the system. With regard to participation, he said that the system should apply to all Members as the meaning of the word "multilateral" was unanimously understood in the treaties under the WTO umbrella. The register should be multilateral not only because the TRIPS provision said so but also because the obligations which it was meant to facilitate concerned the entire membership of the WTO. The scope for possible exceptions with regard to LDCs had already been indicated by the EC in the past.

4. The representative of Australia said that her delegation's position was well known and was encapsulated in TN/IP/W/5 and TN/IP/W/9 (hereinafter "the joint proposal"). Contrary to the other proposals on the table, the joint proposal clearly stayed within the mandate of the Special Session. She agreed that the administrative costs and burdens of such a system were an important issue and emphasized that it was a strength of the joint proposal that it would be simple and the least costly for participating Members and that it would entail no cost to non-participating Members. She said that the approach taken by the EC had serious implications for all Members and would take the discussion outside the specific mandate for the negotiations.

5. The representative of Hong Kong, China said that a number of developing countries, particularly those who were not really GI users, were particularly concerned about costs and administrative burdens. The system proposed by his delegation in document TN/IP/W/8 would levy no costs or administrative burdens on non-participating Members. For participating Members the use of the system would be governed by two principles. First, the "user pays" principle would mean that only those Members who made applications to the multilateral register would share its costs on a *pro rata* basis. Second, in order to avoid overburdening the system, quotas would be set regarding how many applications would be processed each year. He said that this would be a more fair and equitable system.

6. The representative of the European Communities said that his delegation was willing to address the issues of costs and burdens in a manner agreeable to everyone. While it should be recognized that setting up a system to register GIs would inevitably entail some costs, he said that the countries who benefited from it, such as the EC, should contribute to the costs correspondingly and that his delegation was prepared to discuss its contribution in that regard. In a similar way, quotas or other measures to control an expected excess of applications blocking the system, as suggested by Hong Kong, China, could be envisaged to keep the system operational and to control costs. Regarding figures of cost estimates, he welcomed Hong Kong, China's calculations on the costs of establishing a registration system. He said, however, that the proposal did not address the issue of the cost of participation in the system. In order to find a solution, he said it would be useful to receive concrete calculations from Members concerned about the issue of costs.

7. The representative of the United States said that the joint proposal would not put any undue burden on governments and right holders, would impose no costs on non-participating Members and would not change the substantive rights and obligations currently contained in the TRIPS Agreement. In contrast, the EC proposal would require all WTO Members, whether choosing to participate or not, to challenge notified terms if they wished to preserve domestic rights to use the terms. The proposed system, with bilateral negotiations culminating in a WTO DSU-type process, would involve costs and burdens for Members. At a national level, the EC proposal would create administrative burdens and costs in at least three areas: (1) the need for personnel in national intellectual property offices and resources to examine GI requests; (2) training for such personnel; and (3) resources to pursue and defend challenges to notified terms. With regard to other burdens and on the issue of the scope of obligation of the GI registration itself, unlike other forms of intellectual property, the right accruing to the GI owner would, under the EC proposal, be in perpetuity. In other words, WTO Members would

have a permanent commitment to protect notified terms. While in other intellectual property systems the cost of maintaining the rights was borne by those who benefited from them, namely the owners, under the EC proposal obligations would be on the so-called "non-participating Members", who would incur all the costs, including those of examination and refusal as well as enforcement. EC GI owners would bear no costs. His delegation saw no justification for such a shift of burdens in this area of intellectual property

8. The representative of Argentina agreed with the statement of the United States. She said that the EC proposal raised issues of costs not only within the WTO framework but also at the national level. In contrast, the joint proposal had not given rise to additional and complex issues such as annual quotas for the number of geographical indications, which would go beyond the obligations currently in place.

9. The representative of Switzerland agreed with the delegation of the European Communities that the establishment of a multilateral system, of whatever nature, would result in some costs. This also held true for a system under the joint proposal. The issue of costs would have to be seen in relation to its added value and advantages. These would only be very small if the system had neither legal effect nor was multilateral in character, contrary to what was required under the mandate of Article 23.4. The investment which would be made to establish a list without legal effects would be lost. While he believed that Members agreed that the system should be one with a procedure as simple and straightforward as possible, he said that it should ensure the following: (1) to enable all Members to notify and register their GIs without being deterred by formal requirements or excessive costs, thereby allowing all of them to participate in the system; and (2) to ensure that the registration respect some minimal formal requirements so that the register would become a truly useful tool to facilitate the legal protection of GIs. He supported the points made by Hong Kong, China that a maximum number of registrations per Member per year could be considered to avoid overburdening the system in its initial phase and that the distribution of costs should reflect the participation of those Members who were notifying and registering their GIs in the multilateral system. Internally, Members should be free to regulate who should actually bear the costs, whether it would be the Member State itself or those private right holders who would benefit from the registration.

10. The representative of the European Communities said, in response to the statement by the United States, that they seemed to be in agreement on the point that the costs of the system should be borne by those who benefited from it, namely the owners that notified the GIs to the system. He clarified that the bilateral negotiations foreseen in the EC proposal did not create obligations beyond what was already foreseen under Article 24.1 of the TRIPS Agreement and that the EC proposal did not culminate in a system of dispute settlement. He said that, in examining the potential costs of a multilateral registration system, it would be a wrong premise to assume that currently there were no costs. The existing systems of GI protection, which involved seeking protection in each and every WTO Member, already entailed costs for personnel and training, e.g. for handling applications and, when applicable, oppositions. The system proposed by the EC would obviate the need to launch applications in each country and therefore facilitate protection. It would be a system with one single application which would be handled by each WTO Member according to its national law. In response to the remark that the EC proposal foresaw perpetual protection for GIs, he said that the TRIPS Agreement did not set a time-limit for the protection in that regard and that his delegation did not propose anything that went beyond the current TRIPS obligations.

11. The representative of Chile agreed with the EC delegation that costs should be borne by the participating Members. She said that the EC's intervention was adding confusion with regard to the nature of the bilateral negotiations foreseen in its proposal and their relationship with Article 24.1. In spite of the EC's interventions, her delegation continued to have concerns about costs and administrative burdens, including those for non-participating Members. Chile's objective, as mentioned by the United States and Argentina before, was to have a system that would be neither

burdensome, nor costly, and that would not change the balance of rights and obligations under the TRIPS Agreement.

12. The representative of Australia said that he took the EC's remarks as stating that none of the obligations proposed by the EC proposal were subject to dispute settlement and asked the EC delegation to confirm that understanding. He said he did not detect much agreement between the EC and the United States on the subject of costs, as the EC proposal shifted most of the costs, e.g. for enforcement of rights, from the private right holders to the Members and provided for bilateral negotiations which were not necessary under the current system. In contrast, the joint proposal would be less costly and still have benefits. Finally, he said that Australia did not see the relevance of Article 24.1 in this context and regarded a discussion of that provision as being outside the current mandate.

13. The representative of the European Communities said that the challenge procedures in the EC proposal would lead to bilateral negotiations along the lines of Article 24.1 but would certainly not lead automatically and directly to a dispute settlement procedure if agreement were not reached. However, the overall interpretation of the provisions governing the system would be subject to the WTO dispute settlement system which covered all WTO agreements. He said the EC did not propose to change the enforcement provisions of the TRIPS Agreement, including that in principle the right holders should bear the enforcement costs. As bilateral negotiations were already an obligation under Article 24.1, the EC proposal did not contain any addition in this regard. With regard to challenges and opposition procedures, the EC envisaged a system similar to the WIPO Madrid Protocol, giving Members an opportunity to nullify the legal effects stemming from the registration of an individual GI after completion of the examination or litigation procedure regarding that GI. While noting that there was recognition that all systems, including the one under the joint proposal, would bear some costs, he said that the systems needed to be judged on the basis of how solid their respective benefits were. In this regard, the experience with the bilateral agreement between the EU and Australia had shown that merely putting up a website with GIs protected in the two countries had done nothing to improve the protection of GIs in third countries.

14. The representative of Malaysia said that her delegation remained concerned over the potential cost implications of a multilateral system, including costs for governments in setting up national systems in terms of both the legislative and judicial frameworks. If accepted, the user-pay principle should be applied not only to the application procedure but also to the overall administration of such a system, including the conduct of oppositions. Referring to document TN/IP/W/7/Rev.1, which contained a summary made by the Secretariat on points and issues raised in regard to costs to the administering body, producers, exporters and consumers, she said that many questions had yet to be answered and that the Special Session should revert to the issue of costs. She finally said that there had been some discussion on possible cost-sharing by European countries and that it would be helpful to consider in the final outcome of these negotiations some form of cost exemption for developing countries.

15. The representative of Argentina said that the mandate was to find a system that would facilitate protection, not one that would improve protection. The current system provided protection for a right holder in each individual country and it was not within the mandate of the TRIPS Agreement to discuss the grant of a single title at world level that would be valid in all countries.

16. The representative of Canada recalled that the joint proposal envisaged a searchable database of GIs for wines and spirits that would be notified by participating Members and contain all information, including the date on which the registration was granted under the notifying Member's law, the expiry date, if any, and any international agreement under which the GI was already covered. The database would be available to all WTO Members in hard copy and on the WTO website. It would be updated as required. The proposed system would aim to facilitate the existing protection

under the TRIPS Agreement, not to create additional protection. Participation would be voluntary and countries that had chosen to participate would commit themselves to consult the database along with other sources of information. This voluntary system would, for the first time, give national intellectual property offices a single place to look for information about which terms were recognized as GIs in other countries and thus enable them to make better informed decisions with regard to both trademarks and GIs. In consistency with Articles 1.1, 22.3 and 24 of the TRIPS Agreement these decisions on the recognition and protection of GIs would be taken entirely at the national level without impeding national sovereignty or the application of national law. He said that the EC proposal went significantly beyond any system existing within the TRIPS Agreement or WIPO as neither the Madrid Protocol nor any other registration system in WIPO contained legal concepts such as a rebuttable presumption of validity that the EC was proposing. He also requested that the status of the Hungarian proposal (IP/C/W/255) be clarified as it contained suggestions regarding arbitration and dispute settlement.

17. The representative of Barbados recalled her delegation's position that, while respecting the mandate under the TRIPS Agreement and the Doha Declaration, any costs and administrative burdens of a new multilateral system should be kept to a minimum. Her delegation was sympathetic to the specific issues raised and suggestions made by Hong Kong, China in this regard. She said that the system should respect the principle of primacy of national law reflected in Article 1 of the TRIPS Agreement and not unduly undermine national intellectual property systems. On the question of participation and legal effects, her delegation's position was that the system should be voluntary and could not be binding on non-members, as general rules of international law clearly established that international agreements could not bind non-parties without their express consent.

18. The representative of Australia said that his delegation was still confused about the EC proposal. What it understood was that the proposal would entail costs for governments of WTO dispute settlement in addition to costs of bilateral negotiations. He expressed his delegation's concern with regard to the intervention made by the EC on Article 24.1, and said that this provision was not relevant to this negotiation and that the joint proposal was the least costly proposal on the table, particularly on non-participating Members and on developing country Members.

19. The representative of the European Communities asked Australia to clarify whether the joint proposal would not be subject to the WTO Dispute Settlement Understanding and whether it would prevent countries from seeking recourse to Article 24.1 of the TRIPS Agreement. He stressed that these elements were already available to all Members and the EC proposal did not therefore increase costs in this regard.

20. The representative of Australia said that the stronger the obligations imposed on Members, the greater the relevance would be of the dispute settlement mechanism. For her delegation, Article 24.1 had nothing to do with this negotiation.

21. The representative of Kenya said that IP rights were private rights and that therefore the main cost of implementing a register for GIs should be borne by its beneficiaries and only minimum costs by Member States. He suggested that the same principle be extended to paragraph 6 of the Decision on Public Health.

22. With regard to the technical issues of notifications and registrations listed in paragraphs 7-14 of document JOB(03)/75, the representative of Chinese Taipei requested clarification on whether the fee stipulated in paragraph 9.1 for the "notification or the modification of a notification" also covered the "registration" of a GI, as was his understanding. He also suggested that, with the exception of special cases, the Member contact points already established and notified under Article 69 of the TRIPS Agreement could be used as the contact points envisaged under paragraph 10 of the document in order to avoid duplication of this administrative exercise.

23. When the Special Session resumed after time had been set aside for consultations among delegations, the representative of New Zealand said that the informal consultations that her delegation and other co-sponsors of the joint proposal had held with a wide range of delegations had provided useful insights and had been characterized by a high level of engagement by participants. Her delegation would like to continue this dialogue in future and remained committed to working with other Members to achieve results consistent with the mandate.

24. The representative of the European Communities agreed with New Zealand on the usefulness of the informal discussions and suggested that, in future, time left over from the regular session of the TRIPS Council could be devoted to such consultations. He suggested that the Chair be included in these consultations to provide guidance on the process.

25. The Special Session took note of the statements made.

C. OTHER BUSINESS

26. The Chairman recalled that it had been envisaged to hold the next Special Session back-to-back with the regular session of the TRIPS Council. Given the need to avoid conflicts with other meetings and the arrangements agreed by the regular session, he suggested that the next meeting take place on Tuesday, 30 November 2004. In the light of the informal consultations on organization of work held the previous week, he also suggested that, in addition to follow-up discussions on the three issues discussed today, the Special Session should focus at its next meeting on the notifications phase of the system. He said he would hold informal consultations before the next meeting on the best way to proceed with the work and that he would get in touch with delegations to organize these closer to the time.
