

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Negotiating Group on Trade-Related Aspects  
of Intellectual Property Rights, including  
Trade in Counterfeit Goods

DRAFT AGREEMENT ON THE TRADE-RELATED ASPECTS OF  
INTELLECTUAL PROPERTY RIGHTS

Communication from the United States

The attached communication, dated 11 May 1990, has been received from the delegation of the United States, with the request that it be circulated to members of the Negotiating Group.

DRAFT AGREEMENT ON THE TRADE-RELATED ASPECTS OF  
INTELLECTUAL PROPERTY RIGHTS

CONTRACTING PARTIES

[preamble]

Hereby agree that the following  
paragraph shall become Article \_\_\_\_  
of the General Agreement:

The contracting parties agree to provide effective and adequate protection of intellectual property rights in order to ensure the reduction of distortions and impediments to legitimate trade. They therefore agree that they will provide for protection of intellectual property rights under their domestic laws and practices in conformity with the rules and disciplines set out in Annex J.

ANNEX J

RULES AND DISCIPLINES ON THE PROTECTION AND ENFORCEMENT OF INTELLECTUAL  
PROPERTY RIGHTS<sup>1</sup>

Nothing in this Annex shall derogate from existing rights and obligations under the General Agreement. Unless expressly stated otherwise, nothing in this Annex shall prevent contracting parties from granting more extensive protection to intellectual property rights than that provided for in this Annex. This Annex only creates obligations and rights between contracting parties and creates no direct rights for individuals.

PART I: GENERAL PROVISIONS

Article 1 Intellectual Property Conventions

Contracting parties agree to provide for rights-holders<sup>2</sup> of other contracting parties protection no less than the economic rights of the Paris Convention for the Protection of Industrial Property (Stockholm 1967) and the Berne Convention for the Protection of Literary and Artistic Works (Paris 1971), and, in addition, shall provide for the protection of intellectual property rights under their domestic law and practice in accordance with the provisions of this Annex.

Article 2 National Treatment

In addition to the full application of the provisions of Article III<sup>3</sup> of the General Agreement, contracting parties shall accord to the nationals<sup>3</sup> of other contracting parties treatment no less favorable than that accorded to nationals with regard to the protection of intellectual property rights subject to the exceptions already provided for in, respectively, the Paris Convention and the Berne Convention.

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<sup>1</sup>For purposes of this agreement, "intellectual property" includes all of the subject matter covered by Part 2 of this Annex.

<sup>2</sup>Throughout this Annex, the term "right-holder" means the right-holder himself, any other natural or legal persons authorized by him who are exclusive licensees of the right, or other authorized persons, including federations and associations, having legal standing under domestic law to assert such rights.

<sup>3</sup>The term "nationals" shall be understood as those natural or legal persons qualified for protection under the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works.

Article 3 Most Favored Nation Treatment/Non-Discrimination

Any advantage, favor, privilege, or immunity affecting the protection or enforcement of intellectual property rights which is given by a contracting party to the right-holders of another contracting party shall be accorded immediately and unconditionally to the right-holders of all other contracting parties except for any advantage, favor, privilege, or immunity which exceeds the requirements of this Agreement and which is provided for in an international agreement to which the contracting party belongs, so long as such agreement is open for accession by any contracting party of this Agreement.

Article 4 Transparency

The provisions of Article X of the General Agreement shall apply to all laws, regulations, judicial decisions and administrative rulings of general application, made effective by any contracting party, pertaining to intellectual property.

PART 2: STANDARDS IN THE FIELD OF INTELLECTUAL PROPERTY

A. Copyright and Related Rights

Article 1

Contracting parties shall grant to authors and their successors in title, at a minimum, the economic rights provided in the Berne Convention for the Protection of Literary and Artistic Works (Paris 1971). In addition, they shall comply with the provisions set forth in Articles 2 through 9 below.

Article 2

(1) Protected works include, inter alia, the following:

- (a) all types of computer programs (including applications programs and operating systems) expressed in any language, whether in source or object code which shall be protected as literary works, and works created by or with the use of computers;
- (b) databases of protected or unprotected material or data whether in print, machine readable or any other medium which shall be protected as collections or compilations if they constitute intellectual creation by reason of the selection, coordination, or arrangement of their contents.

(2) Economic rights include, inter alia, the following:

- (a) the right to import or authorize the importation into the territory of the contracting party of lawfully made copies of the work as well as the right to prevent the importation into the territory of the contracting party of copies of the work made without the authorization of the right-holder;

- (b) the right to make the first public distribution of the original or each authorized copy of a work by sale, rental, or otherwise except that the first sale of the original or such copy of, at a minimum, a computer program shall not exhaust the rental or importation right therein (the "rental right" shall mean the right to authorize or prohibit the disposal of the possession of the original or copies for direct or indirect commercial advantage);
  - (c) with respect to the right to make a public communication of a work (e.g. to perform, display, project, exhibit, broadcast, transmit, or retransmit a work), the term "public" shall include:
    - (i) communicating a work in a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or
    - (ii) communicating or transmitting a work, a performance, or a display of a work, in any form, or by means of any device of process to a place specified in clause (i) or to the public, regardless of whether the members of the public capable of receiving such communications can receive them in the same place or separate places and at the same time or at different times.
- (3) Protected works shall enjoy the same protection in respect of private or personal copying accorded under the domestic law of a contracting party to works of national origin.

### Article 3

Contracting parties shall extend the protection afforded under Articles 1 and 2 of this Part to authors of other contracting parties, whether they are natural persons or, where the other contracting party's domestic law so provides, legal entities, and to their successors in title.

### Article 4

Protected rights shall be freely and separately exploitable and transferable. Assignees and exclusive licensees shall enjoy all rights of their assignors and licensors acquired through voluntary agreements, and shall be entitled to enjoy, exercise, and enforce their acquired exclusive rights in their own names.

### Article 5

The term of protection of a work whose author is a legal entity shall be no less than 50 years from authorized publication or, failing such authorized publication within 50 years from the making of the work, 50 years after the making.

Article 6

Contracting parties shall confine any limitations or exceptions to exclusive rights (including any limitations or exceptions that restrict such rights to "public" activity) to clearly and carefully defined special cases which do not impair an actual or potential market for or the value of a protected work.

Article 7

A contracting party shall provide protection, consistent with this Annex, for all works not yet lawfully in the public domain in its territory at the time of entry into force of this Annex. In addition, a party that has afforded no effective copyright protection to works or any class of works of other contracting parties prior to its entry into force in its territory shall provide protection, consistent with this Annex, for all works of other contracting parties that are not in the public domain in their country of origin at the time of entry into force of this Annex in its territory.

Article 8

(1) Translation and reproduction licensing systems permitted in the Appendix to the Berne Convention (Paris 1971):

- (a) shall not be established where legitimate local needs are being met by voluntary actions of copyright owners or could be met by such action but for intervening factors outside the copyright owner's control; and
- (b) shall provide an effective opportunity for the copyright owner to be heard prior to the grant of any such licenses.

(2) Any compulsory or non-voluntary license (or any restriction of exclusive rights to a right of remuneration) shall provide mechanisms to ensure prompt payment and remittance of royalties at a level consistent with what would be negotiated on a voluntary basis.

Article 9

(1) Contracting parties shall, at a minimum, extend to producers of sound recordings the exclusive rights to do or to authorize the doing of the following:

- (a) to reproduce the recording by any means or process, in whole or in part;
- (b) to exercise the importation and exclusive distribution and rental rights provided in Article 2(2)(a) and (b) of this Part.

(2) The provisions of Article 2(3) and Articles 3, 4, 5 and 7 of this Part shall apply mutatis mutandis to the producers of sound recordings.

(3) Article 6 of this Part shall apply mutatis mutandis to sound recordings.

(4) Contracting parties shall protect sound recordings first fixed or published in the territory of another contracting party, including recordings published in the territory of a contracting party within thirty days of their publication elsewhere; and recordings the producer of which is a national of a contracting party, or is a company headquartered in the territory of a contracting party.

(5) The acquisition and validity of intellectual property rights in sound recordings shall not be subject to any formalities, and protection shall arise automatically upon its creation.

#### B. Trademarks

##### Article 10 Protectable Subject Matter

(1) Trademarks shall consist of at least any sign, words, including personal names, designs, letters, numerals, colors, the shape of goods or of their packaging, provided that they are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

(2) The term "trademark" shall include service marks, collective and certification marks.

##### Article 11 Acquisition of Rights

(1) A trademark right may be acquired by registration or by use. A system for the registration of trademarks shall be provided. Use of a trademark may be required as a prerequisite for registration.

(2) Contracting parties shall publish each trademark either before it is registered or promptly after it is registered and shall afford other parties a reasonable opportunity to petition to cancel the registration. In addition, contracting parties may afford an opportunity for other parties to oppose the registration of a trademark.

(3) 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.

##### Article 12 Rights Conferred

(1) The owner of a registered trademark shall have exclusive rights therein. He shall be entitled to prevent all third parties not having his consent from using in commerce identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is protected, where such use would result in a likelihood of confusion. However, in case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

(2) Contracting parties shall refuse to register or shall cancel the registration and prohibit use of a trademark likely to cause confusion with a trademark of another which is considered to be well-known. In determining whether a trademark is well-known, the extent of the trademark's use and promotion in international trade must be taken into consideration. A contracting party may not require that the reputation extend beyond the sector of the public which normally deals with the relevant products or services.

(3) The owner of a trademark shall be entitled to take action against any unauthorized use which constitutes an act of unfair competition or passing off.

#### Article 13 Term of Protection

The registration of a trademark shall be indefinitely renewable for terms of no less than 10 years when conditions for renewal have been met. Initial registration of a trademark shall be for a term of at least 10 years.

#### Article 14 Requirement of Use

(1) If use of a registered mark is required to maintain trademark rights, the registration may be cancelled only after an uninterrupted period of at least five years of non-use, unless legitimate reasons for non-use exist. Use of the trademark by another person with the consent of the owner shall be recognized as use of the trademark for the purpose of maintaining the registration.

(2) Legitimate reasons for non-use shall include non-use due to circumstances arising independently of the will of the proprietor of a trademark (such as import restrictions on or other government requirements for products protected by the trademark) which constitute an obstacle to the use of the mark.

#### Article 15 Other Requirements

The use of a trademark in commerce shall not be encumbered by special requirements, such as use which reduces the function of a trademark as an indication of source or use with another trademark.

#### Article 16 Compulsory Licensing

Compulsory licensing of trademarks shall not be permitted.

#### Article 17 Transfer

Trademark registrations may be transferred.



C. Geographical Indications Including Appellations of Origin

Article 18

Contracting parties shall protect geographic indications that certify regional origin by providing for their registration as certification or collective marks.

Article 19

Contracting parties shall provide protection for non-generic appellations of origin for wine by prohibiting their use when such use would mislead the public as to the true geographic origin of the wine. To aid in providing this protection, contracting parties are encouraged to submit to other contracting parties evidence to show that each such appellation of origin is a country, state, province, territory, or similar political subdivision of a country equivalent to a state or county; or a viticultural area.

D. Industrial Designs and Models

Article 20

Contracting parties shall provide, at a minimum, protection for industrial designs which are new, original, ornamental and non-obvious. Contracting parties may condition such protection on registration or other formality. The term of protection shall extend for at least ten years.

Article 21

Contracting parties shall provide to the owner of a protected design the right to prevent others from making, copying, using, or selling their industrial designs.

Article 22

Contracting parties shall not issue compulsory licenses for industrial designs except to remedy adjudicated violations of competition law to which the conditions set out in Article 27 of this Part shall apply, mutatis mutandis.

E. Patents

Article 23 Patentable Subject Matter

Patents shall be granted for all products and processes, which are new, useful, and unobvious<sup>4</sup>.

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<sup>4</sup>For purposes of this Article, the terms "useful" and "unobvious" encompass or are synonymous with the terms "capable of industrial application" and "inventive step", respectively. Requirements such as filing of an adequate disclosure in a patent application and payment of reasonable fees shall not be considered inconsistent with the obligation to provide patent protection.

Article 24 Rights Conferred

(1) A patent shall confer the right to prevent others not having consent from making, using, or selling the subject matter of the patent. In the case of a patented process, the patent confers the right to prevent others not having consent from using that process and from using, selling, or importing at least the product obtained directly by that process.

(2) A patent may only be revoked on grounds that it fails to meet the requirements of Article 23 of this Part.

(3) Where the subject matter of a patent is a process for obtaining a product, contracting parties shall provide that the burden of establishing that an alleged infringing product was not made by the process shall be on the alleged infringer at least in one of the following situations:

- (a) the product is new, or
- (b) a substantial likelihood exists that the product was made by the process and the owner of the patent has been unable through reasonable efforts to determine the process actually used.

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

Article 25 Term of Protection

The term of protection shall be at least 20 years from the date of filing of the application. Contracting parties are encouraged to extend the term of patent protection, in appropriate cases, to compensate for delays caused by regulatory approval processes.

Article 26 Transitional Protection

A contracting party shall provide transitional protection for products embodying subject matter deemed to be unpatentable under its patent law prior to its acceptance of this Annex, where the following conditions are satisfied:

- (1) the subject matter to which the product relates will become patentable after acceptance of this Annex;
- (2) a patent has been issued for the product by another contracting party prior to the entry into force of this Annex; and
- (3) the product has not been marketed in the territory of the contracting party providing such transitional protection.

The owner of a patent for a product satisfying the conditions set forth above shall have the right to submit a copy of the patent to the contracting party providing transitional protection. Such contracting party shall limit the right to make, use, or sell the product in its territory to such owner for a term to expire with that of the patent submitted.

Article 27 Compulsory Licenses

Contracting parties may limit the patent owner's exclusive rights solely through compulsory licenses and only to remedy an adjudicated violation of competition laws or to address, only during its existence, a declared national emergency. Where the law of a contracting party allows for the grant of compulsory licenses, such licenses shall be granted in a manner which minimizes distortions of trade, and the following provisions shall be respected:

- (a) Compulsory licenses shall be non-exclusive and non-assignable except with that part of the enterprise or goodwill which exploits such license.
- (b) The payment of remuneration to the right-holder adequate to compensate the right-holder fully for the license shall be required, except for compulsory licenses to remedy adjudicated violations of competition law.
- (c) Each case involving the possible grant of a compulsory license shall be considered on its individual merits.
- (d) Any compulsory license shall be revoked when the circumstances which led to its granting cease to exist, taking into account the legitimate interests of the right-holder and of the licensee. The continued existence of these circumstances shall be reviewed upon request of the right-holder.
- (e) Decisions to grant or to continue compulsory licenses and the compensation provided for compulsory licenses shall be subject to judicial review.

F. Layout-Designs of Semiconductor Chips

Article 28 Subject Matter for Protection

(1) Contracting parties shall provide protection for original layout-designs incorporated in a semiconductor chip, however the layout-design might be fixed or encoded.

(2) Contracting parties may condition protection on fixation or registration of the layout-designs. If registration is required, applicants shall be given at least two years from first commercial exploitation of the layout-design in which to apply. Contracting parties which require deposits of identifying material or other material related to the layout-design shall not require applicants to disclose confidential or proprietary information unless it is essential to allow identification of the layout-design.

Article 29 Rights Acquired

(1) Contracting parties shall provide to right-holders of other contracting parties the exclusive right to do or to authorize the doing of the following:

- (a) to reproduce the layout-design;
- (b) to incorporate the layout-design in a semiconductor chip; and
- (c) to import or distribute a semiconductor chip incorporating the layout-design and products including such chips.

(2) The conditions set out in Article 27 of this Part shall apply, mutatis mutandis, to the grant of any compulsory licenses for layout-designs.

(3) Contracting parties are not required to extend protection to layout-designs that are commonplace in the industry at the time of their creation or to layout-designs that are exclusively dictated by the functions of the circuit to which they apply.

(4) Contracting parties may exempt the following from liability under their law:

- (a) reproduction of a layout-design for purposes of teaching, analysis, or evaluation in the course of preparation of a layout-design that is itself original;
- (b) importation and distribution of semiconductor chips, incorporating a protected layout-design, which were sold by or with the consent of the owner of the layout-design; and
- (c) importation or distribution up to the point of notice of a semiconductor chip incorporating a protected layout-design and products incorporating such chips by a person who establishes that he or she did not know, and had no reasonable grounds to believe, that the layout-design was protected, provided that, with respect to stock on hand or purchased at the time notice is received, such person may import or distribute only such stock but is liable for a reasonable royalty on the sale of each item after notice is received.

Article 30 Term of Protection

The term of protection shall extend for a least ten years from the date of first commercial exploitation or the date of registration, if required, whichever is earlier.

G. Acts Contrary to Honest Commercial Practices, Including Protection of Trade Secrets

Article 31

(1) In the course of ensuring effective protection against unfair competition as provided for in Article 10<sup>bis</sup> of the Paris Convention, contracting parties shall provide in their domestic law and practice the legal means for natural and legal persons to prevent trade secrets from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices<sup>5</sup> insofar as such information:

- (a) is not, as a body or in the precise configuration and assembly of its components, generally known or readily ascertainable;
- (b) has actual or potential commercial value because it is not generally known or readily ascertainable; and
- (c) has been subject to reasonable steps under the circumstances to keep it secret.

(2) Contracting parties shall not limit the duration of protection for trade secrets so long as the conditions in paragraph 1 exist.

Article 32 Licensing

Contracting parties shall not discourage or impede voluntary licensing of trade secrets by imposing excessive or discriminatory conditions on such licenses or conditions which dilute the value of trade secrets.

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<sup>5</sup> "A manner contrary to honest commercial practice" is understood to encompass, inter alia, practices such as theft, bribery, breach of contract, inducement to breach, electronic and other forms of commercial espionage, and includes the acquisition of trade secrets by third parties who knew, or had reasonable grounds to know, that such practices were involved in the acquisition.

Article 33 Exceptions

(1) Contracting parties which require that trade secrets be submitted to carry out governmental functions, shall not use the trade secrets for the commercial or competitive benefit of the government or of any person other than the right-holder except with the right-holder's consent, on payment of the reasonable value of the use, or if a reasonable period of exclusive use is given the right-holder.

(2) Contracting parties may disclose trade secrets to third parties, only with the right-holder's consent or to the degree required to carry out necessary government functions. Wherever practicable, right-holders shall be given an opportunity to enter into confidentiality agreements with any non-government entity to which the contracting party is disclosing trade secrets to carry out necessary government functions.

(3) Contracting parties may require right-holders to disclose their trade secrets to third parties to protect human health or safety or to protect the environment only when the right-holder is given an opportunity to enter into confidentiality agreements with any non-government entity receiving the trade secrets to prevent further disclosure or use of the trade secret.

PART 3: ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 1: General Obligations

Article 1 Types of Procedures and Remedies

Contracting parties shall protect intellectual property rights covered by this Annex by means of civil law, criminal law, or administrative law or a combination thereof in conformity with the provisions below. They shall provide effective procedures, internally and at the border, to protect these intellectual property rights against any act of infringement, and effective remedies to stop and prevent infringements and which constitute an effective deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of obstacles to legitimate trade and provide for safeguards against abuse.

Article 2 General Requirements

Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated, costly, or time consuming, nor shall they be subject to unreasonable time-limits or unwarranted delays.

Article 3 Decisions

Decisions on the merits of a case shall, as a general rule, be in writing and reasoned. They shall be made known at least to the parties to the dispute without undue delay.

Article 4 Judicial Review

Contracting parties shall provide an opportunity for judicial review of final administrative decisions on the merits of an action concerning the protection of an intellectual property right. Subject to jurisdictional provisions in national laws concerning the importance of a case, an opportunity for judicial review of the legal aspects of initial judicial decisions on the merits of a case concerning the protection of an intellectual property right shall also be provided.

Section 2: Civil and Administrative Procedures and Remedies

Article 5 Fair and Equitable Procedures

Contracting parties shall make available to right-holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Annex. 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 counsel, and procedures shall not impose overly burdensome requirements concerning personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present the evidence, including, for example, expert testimony and test data, relevant for the establishment of the facts and the determination of the validity and infringement of the intellectual property rights concerned, as well as to exercise their rights. The procedure shall provide a means to effectively identify and protect confidential information without prejudice to the legitimate interests of any party to substantiate its claims. Decisions shall only be based on such evidence in respect of which parties were offered the opportunity to be heard.

Article 6 Evidence and Burden of Proof

Where a party has presented a justifiable<sup>6</sup> case and has identified evidence relevant to substantiation of its claims and which lies in the control of the opposing party, the court may order that this evidence be produced by the opposing party, subject to conditions which ensure the protection of confidential information. In addition to the preceding procedure, contracting parties may also provide access to relevant evidence through, for example, measures to preserve evidence, use of search and seizure authority, by rule or by exercise of other judicial or administrative authority.

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<sup>6</sup>For the purposes of this Annex, a justifiable case is one in which a party has presented to the court reasonably available evidence sufficient to indicate that its claims are not without foundation.

In cases in which a contracting party refuses access to or impedes a party's compliance with a request to provide necessary information or a party to the proceeding refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes a procedure relating to an enforcement action, preliminary and final determinations, affirmative or negative, may be made on the basis of the complaint or the allegation presented by the party adversely affected by the denial of access to information and/or on other facts and evidence before the court, subject to providing the parties an opportunity to be heard on the allegations or evidence.

#### Article 7 Injunctions

The judicial authorities shall be authorized, upon request, and irrespective of whether the defendant has acted with intent or negligence, to issue an enforceable order that the infringement be refrained from or discontinued.

#### Article 8 Damages

The right-holder shall be entitled to claim from the infringer full compensation for the injury he has suffered because of an infringement of his intellectual property right. The right-holder also shall be entitled to claim remuneration for the costs, including attorney fees, reasonably incurred in the proceedings. In appropriate cases, recovery of profits and/or pre-established damages may be granted even where the infringer has not acted intentionally or negligently.

#### Article 9 Other Remedies

Where an intellectual property right has been found to be infringed, the right-holder can request that the infringing goods, including materials and implements predominantly used in their creation, be, without compensation of any sort, forfeited, and destroyed or disposed of outside the channels of commerce in such a manner as to minimize any harm caused to him. Such a request shall only be granted where such measures are not out of proportion to the seriousness of the infringement in question. Infringing goods may also be prevented from entering commercial channels, including the prevention of their importation and exportation. With regard to counterfeit goods, the simple removal of the trademarks affixed without authorization shall not be considered sufficient to permit release of the goods into commercial channels.

#### Article 10 Remedies Against Governments

Notwithstanding the other provisions of this Part, when a government is sued for infringement of an intellectual property right as a result of the use of that right by or for the government, contracting parties may limit remedies against the government to payment of full compensation to the right-holder.



Article 11 Right of Information

Unless this would be out of proportion to the importance of the infringement, the infringer may be ordered by a court to inform the right-holder of the identity of third persons involved in the production and distribution of the infringing goods or services and their channels of distribution.

Article 12 Indemnification of the Defendant

Parties wrongfully enjoined or restrained by any measures taken for the purpose of enforcing intellectual property rights shall be entitled to claim adequate compensation for the injury suffered because of an abuse of enforcement procedures. Such parties also shall be entitled to claim reimbursement for the costs, including attorney fees, reasonably incurred in the proceedings. Contracting parties may provide for the possibility that these parties may in appropriate cases claim compensation from the authorities.

Article 13 Administrative Procedures

Contracting parties may provide for administrative procedures concerning the enforcement of intellectual property rights, which procedures shall correspond in substance to those set forth in Section 2 of this Part for application to judicial proceedings.

Section 3: Special Requirements for Provisional Measures

Article 14

(1) Contracting parties shall provide for judicial procedures for the adoption, upon request by a right-holder, of prompt and effective provisional measures

- (a) to prevent an infringement of any intellectual property right from occurring or being continued, and in particular to prevent the goods from entering commercial channels, including their importation and exportation, and
- (b) to preserve the relevant evidence with regard to the alleged infringement.

Where appropriate, provisional measures may be adopted inaudita altera parte, 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.

(2) The applicant shall be required to provide any reasonably available evidence so as to permit the court to establish with a sufficient degree of certainty that he is the right-holder and that his right is being infringed or that such infringement is imminent, and provide a security or equivalent assurance sufficient to prevent abuse.

(3) Where provisional measures have been adopted inaudita altera parte, the parties affected shall be given notice, at the latest immediately after the execution of the measures. A review, including an oral hearing in appropriate cases, 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.

(4) Where provisional measures according to paragraph (1)(a) of this Article are to be carried out by customs authorities, the applicant may be required to supply any other information necessary for the identification of the goods concerned.

(5) Without prejudice to paragraph (3) of this Article, provisional measures taken on the basis of paragraph (1) of this Article shall, upon request by the defendant, be revoked or otherwise cease to have effect, where proceedings leading to a decision on the merits of the case are not initiated within a reasonable period not exceeding one month after the notification of the provisional measures, unless determined otherwise by the court.

(6) Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant except for settlement of the case, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the right-holder may claim from the defendant adequate compensation for any injury caused by these measures.

(7) Contracting parties may provide for provisional administrative procedures. Article 13 of this Part shall apply mutatis mutandis.

#### Section 4: Special Requirements Related to Border Measures<sup>7</sup>

##### Article 15 Suspension of Release by Customs Authorities

Without prejudice to Article 21 of this Part, contracting parties shall, in conformity with the provisions set out below, establish procedures according to which a right-holder, who has valid grounds for suspecting that the importation of goods which infringe his intellectual property right may take place, may lodge an application in writing with the competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods.

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<sup>7</sup>For members of a customs union, the term "border" is understood to apply to their border to countries or areas which are not part of the union, and the term "territory" is understood as the customs territory of the union.

Contracting parties may provide for corresponding procedures concerning the suspension by the customs authorities of the release of such goods destined for exportation from their territory.

Article 16 Application

The application under Article 15 of this Part must contain prima facie evidence of the alleged infringement and evidence that the applicant is the right-holder. It must contain all pertinent information known or reasonably available to the applicant to enable the competent authority to act in knowledge of the facts at hand, and a sufficiently detailed description of the goods to make them readily recognizable by the customs authorities. It must specify the length of period for which the customs authorities are requested to take action. The applicant may also be required to supply any other information necessary for the identification of the goods concerned. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and the period for which it will remain in force.

Article 17 Security or Equivalent Assurance

Contracting parties shall seek to avoid border enforcement procedures being abused by means of unjustified or frivolous applications. For this purpose, they may require a right-holder, who has lodged an application according to Article 16 of this Part, to provide a security or equivalent assurance. Such securities or equivalent assurances shall not unreasonably deter recourse to these procedures.

Article 18 Duration of Suspension

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article 15 of this Part. If, within two weeks after the applicant has received notification of the suspension, the customs authorities have not been informed that the matter has been referred to the authority competent to take a decision on the merits of the case, or that the duly empowered authority has taken provisional measures, the goods shall be released, provided that all other conditions for importation or exportation have been complied with. In exceptional cases, the above time-limit may be extended by another two weeks.

Article 19 Indemnification of the Importer and of the Owner of the Goods

The right-holder or the owner of the goods shall be entitled to claim from the applicant adequate compensation for any injury caused to him through the wrongful detention of goods or through the detention of goods released pursuant to Article 18 above.

Article 20 Right of Information and Inspection

Without prejudice to the protection of confidential information, the competent authority shall be empowered to give the right-holder sufficient opportunity to inspect any product detained by the customs authorities in

order to substantiate his claims. Unless this would be contrary to provisions of national law, the customs authorities shall inform the right-holder, upon request, of the names and addresses of the consignor, importer, consignee and of the quality of the goods in question.

Article 21 Ex Officio Action

Contracting parties may require customs authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired a sufficient degree of certainty that an intellectual property right is being infringed.

In this case, the customs authorities may at any time seek from the right-holder information necessary to assist them in exercising these powers.

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 customs authorities, the suspension shall be subject to the conditions, mutatis mutandis, set out in Article 18 of this Part.

Article 22 Remedies

Without prejudice to the other rights of action open to the right-holder, and subject to the right of the defendant to lodge an appeal to the judicial authorities, the competent authorities shall provide for the forfeiture, destruction or disposal of the infringing goods in accordance with the principles set out in Article 9 of this Part. With respect 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.

Article 23 De minimis Imports

Contracting 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 24

Contracting parties shall provide for criminal procedures and penalties to be applied in cases of willful infringements of trademarks and copyright on a commercial scale. Such remedies shall include imprisonment and monetary fines sufficient to provide an effective deterrent and the possibility of seizure, forfeiture, and destruction of the infringing goods and of any device used in the commission of the offence. Contracting parties may provide for criminal procedures and penalties to be applied in cases of infringement of any other intellectual property right, in particular where it is committed willfully and on a commercial scale.

PART IV: SUPPLEMENTARY PROVISIONS

The United States believes that the proposals on supplementary provisions set forth in Part V of the submission of the European Communities contained in MTN.GNG/NG11/W/68 provide in general an acceptable basis for negotiation. As for transitional arrangements, the United States favors the option of individual country schedules contained in paragraph 6(c) of the communication from a number of participants on transitional arrangements contained in MTN.GNG/NG11/W/69.