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THE LEGISLATIVE ASSISTANCE PROVIDED BY WIPO IN THE AREA OF THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Document prepared by the Secretariat

ABSTRACT

This document highlights the main features of the legislative assistance in the area of the enforcement of intellectual property rights undertaken by the Secretariat of the World Intellectual Property Organization (WIPO) through its Program 17 “Building Respect for IP”. It aims at providing an overview of the framework, scope and content of this assistance, which is carried out in accordance with the mandate of the Advisory Committee on Enforcement (ACE), in line with Expected Result I.2 (“tailored and balanced IP legislative, regulatory and policy frameworks”) as defined in WIPO’s Program and Budget, and within the framework of Recommendation 45 of the WIPO Development Agenda.

I. THE FRAMEWORK

1. At the 2008 General Assembly of the World Intellectual Property Organization (WIPO), Member States adopted WIPO’s Strategic Goal VI entitled “International Cooperation on Building Respect for IP”. Strategic Goal VI calls for the creation of an enabling environment promoting respect for intellectual property (IP) in a sustainable manner, in the spirit of Recommendation 45 of the Development Agenda (DA)¹. WIPO’s Program 17 (“Building

¹ DA Recommendation 45 requires WIPO “to approach intellectual property enforcement in the context of broader societal interests and especially development-oriented concerns, with a view that “the protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological

Respect for IP”) is the main Program tasked with the implementation of this Strategic Goal. One of the activities of Program 17, in line with the mandate of the Advisory Committee on Enforcement (ACE) and Expected Result I.2 (“tailored and balanced IP legislative, regulatory and policy frameworks”), as defined in WIPO’s Program and Budget, is to assist Member States by providing legislative assistance relating to the enforcement of IP rights (IPRs).

2. The present document aims at providing further information on and insight into the legislative assistance provided in the area of the enforcement of IPRs. It contains explanations as to its scope, including statistical data since January 1, 2014, and content².

II. THE SCOPE

3. Upon the request by individual Member States, the WIPO Secretariat provides advice on provisions relating to IP enforcement, tailored to the specific needs and situations of the requesting country and taking into account the flexibilities and options of Part III of the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement)³. All legislative advice is provided on a strictly bilateral, neutral and confidential basis. The assistance offered to developing countries, least-developed countries (LDCs) and countries in transition includes comments on draft national IP enforcement-related provisions, and advice/assistance in the preparation of IP enforcement-related provisions. Depending on the need expressed by the requesting Member State, legislative assistance may be preceded by an advisory mission to discuss IP enforcement-related issues with policy makers. Legislative assistance in the field of IP enforcement is guided by DA Recommendations 13⁴, 14⁵ and 45.

4. The IP enforcement-related provisions are, more often than not, contained in draft “substantive” IP laws (draft trademark law, draft industrial designs law, draft patent law, draft copyright law, etc.), and legislative assistance is typically requested in relation to the relevant draft IP law in its entirety. Work is then shared between the various competent WIPO Divisions providing legislative assistance, with the Building Respect for IP Division, which implements Program 17, providing comments on the enforcement-related provisions.

[Footnote continued from previous page]

knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations”, in accordance with Article 7 of the TRIPS Agreement”.

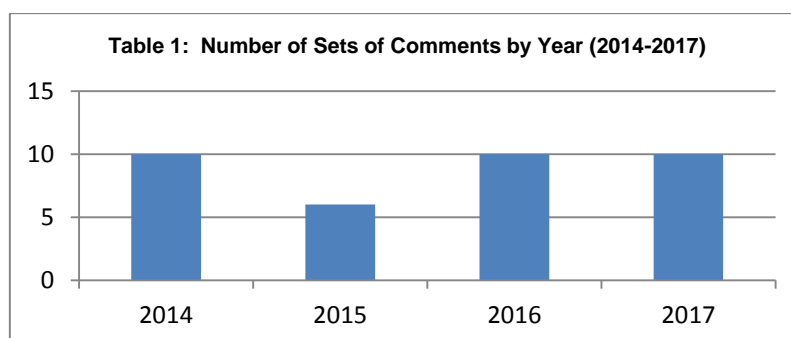
² It is recalled that Strategic Goal VI had been evaluated for the period January 2010 to June 2014 (http://www.wipo.int/export/sites/www/about-wipo/en/oversight/iaod/evaluation/pdf/evaluation_strategic_goal_vi.pdf). The evaluation contained information about legislative assistance on IP enforcement (page 12). On para. 35, it was mentioned: “Interviews with a sample of beneficiary countries confirmed the high quality and neutrality of advice, which was considered as unbiased. In general, beneficiary countries appreciated the way that options were presented with their advantages and disadvantages, rather than fixed solutions. They also highlighted the fact that WIPO’s comments included considerations on flexibilities of Part III of the TRIPS Agreement. The evaluation validated the assessment of beneficiary countries through the desk study of a randomly selected sample of comments provided to Member States”.

³ On Part III of the TRIPS Agreement as the benchmark of the legislative assistance in the area of IP enforcement, see para. 7 below.

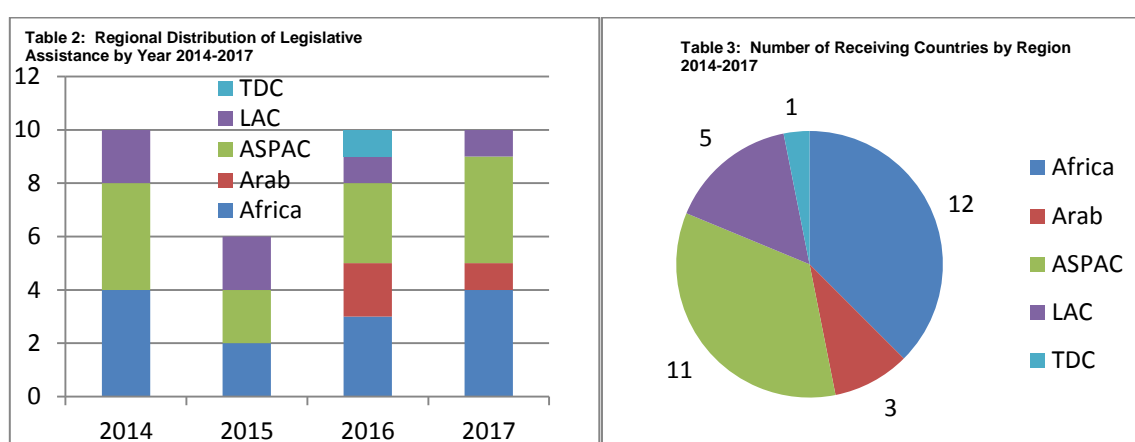
⁴ “WIPO’s legislative assistance shall be, *inter alia*, development-oriented and demand-driven, taking into account the priorities and special needs of developing countries, especially LDCs, as well as the different levels of development of Member States and activities should include time frames for completion”.

⁵ “Within the framework of the agreement between WIPO and the WTO, WIPO shall make available advice to developing countries and LDCs on the implementation and operation of the rights and obligations and the understanding and use of flexibilities contained in the TRIPS Agreement”.

5. Since January 1, 2014, 31 sets of comments have been provided (with an additional five in preparation)⁶.



6. The geographical distribution of the recipient Member States has been as follows⁷:



7. The 21 provisions of Part III (“Enforcement of Intellectual Property Rights”) of the TRIPS Agreement⁸ consist of minimum obligations for members of the World Trade Organization (WTO) (with a transitional period for the LDCs, as indicated below) as well as flexibilities and options. The TRIPS Agreement is the only multilateral international normative instrument containing a whole set of rules relating to the enforcement of IPRs. Hence, Part III of the TRIPS Agreement constitutes the benchmark for the provision of legislative assistance in the area of IP enforcement: it is in the light of these provisions that the draft enforcement-related provisions the WIPO Secretariat is requested to comment on are reviewed. This is also in line with Article 4 of the Agreement between WIPO and WTO⁹.

⁶ The figure for 2017 takes into account the five sets of comments already provided and the five sets of comments requested and in preparation as of the date of the document.

⁷ The number of participating countries in Table 3 (32) is lower than the number of sets of comments (36) under Tables 1 and 2, because some Member States requested legislative assistance more than once and, hence, received more than one set of comments. The acronyms ASPAC, LAC and TDC stand respectively for “Asia and the Pacific”, “Latin America and the Caribbean” and “Transition and Developed Countries”.

⁸ Articles 41 to 61 of the TRIPS Agreement.

⁹ http://www.wipo.int/treaties/en/text.jsp?file_id=305457.

8. The specific needs and situations prevailing in the requesting Member State are taken into account:

- When the requesting Member State is also a member of the WTO and, hence, in principle bound by Part III of the TRIPS Agreement, it is important whether or not this Member State qualifies as an LDC: An LDC is not under the obligation of implementing the provisions of Part III of the TRIPS Agreement before it ceases to be a LDC or before July 1, 2021¹⁰. However, if an LDC requests WIPO's legislative assistance in the area of IP enforcement, comments will still largely be provided in the light of Part III of the TRIPS Agreement – with the important caveat about the non-binding character thereof – insofar as its provisions, covering a large scope of procedural mechanisms and corrective measures, present a comprehensive framework of minimal standards applied in practice at international level.
- The WIPO Secretariat needs to have a good understanding of all relevant enforcement-related legislation already in place in the requesting Member State. Such provisions very often exist outside of IP laws, in legal texts of a more general nature, such as, *inter alia*, legislation regulating civil or criminal procedures, the civil code, the criminal code, the customs code, the legislation relating to consumer protection, standards, trade of goods, etc. For this reason, when legislative assistance is requested in relation to the enforcement of IPRs in general, the Member State is asked first to provide information on the legal framework in place through by replying to a questionnaire based on Part III of the TRIPS Agreement unless this information has already been provided or is easily available¹¹.

9. When a provision of the draft law commented upon appears to raise some issue suggesting a need for amendment, the WIPO Secretariat may provide not only comments and explanations, but also example(s) of wording. These examples may or may not be derived from existing laws in other countries. It is systematically stressed that these are mere examples, which cannot be considered as model provisions to be adopted as such.

III. THE CONTENT

10. When providing legislative assistance in the area of IP enforcement, the WIPO Secretariat always begins by recalling the following elements: When implementing the TRIPS Agreement, WTO members are free to provide IP enforcement provisions which go beyond what is required by the TRIPS Agreement, insofar as such measures are not inconsistent with the Agreement¹². However, in making such a decision, it is important for the national authorities to take into consideration the prevailing socio-economic circumstances, as well as financial and human resources constraints. References to broader socio-economic, public health and development-oriented concerns that Member States may wish to consider are contained in Articles 7 and 8 of the TRIPS Agreement.

11. Where appropriate, the comments may extend beyond the scope of Part III of the TRIPS Agreement. Various situations may occur in this regard:

¹⁰ TRIPS Agreement, Article 66.1. In 2013, the WTO Council for TRIPS decided to extend the transition period until July 1, 2021, without prejudice to the possibility of a further extension when the time comes (https://www.wto.org/english/news_e/news13_e/trip_11jun13_e.htm).

¹¹ Other sources of information, whenever available, can be found in WIPO Lex and in the enforcement-related legislation notified to and/or reviewed by the WTO Council for TRIPS.

¹² TRIPS Agreement, Article 1.1.

- The requesting Member State could be a party to a multilateral international or regional instrument containing specific enforcement-related provisions that are not being dealt with in Part III of the TRIPS Agreement. More specifically, where a Member State asks for legislative assistance in relation to the enforcement of copyright and related rights and when such a Member State is party to the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT), comments relating to the implementation of the obligations concerning technological measures¹³ and rights management information¹⁴ are provided, when necessary.
- Some specific issues may arise from a draft law which is not dealt with in Part III of the TRIPS Agreement. If so, the attention of the national authorities is drawn to such an issue. For instance, where provisions leave the standing of potential plaintiffs in doubt, clarification is suggested in the interests of legal certainty. Another example is the provision of information about the development of so-called “simplified procedures” in the framework of border measures¹⁵. Similarly, information has been provided on request about legislative and case-law developments on IP enforcement in the digital environment¹⁶.

12. As indicated, Part III of the TRIPS Agreement is the benchmark of the legislative assistance provided by the WIPO Secretariat in the area of IP enforcement. The scope and size of the present document only allows for the following paragraphs to highlight the main points being typically discussed in light of Part III of the TRIPS Agreement, and in particular the flexibilities and options present in these provisions.

13. The general obligations of Article 41 of the TRIPS Agreement normally would not raise a lot of concerns. From an institutional point of view, some Member States requesting legislative assistance seek advice on specialized IP courts. In this regard, after recalling the absence of any obligation to set up specialized IP courts, as expressly stated in Article 41.5 of the TRIPS Agreement, both the potential benefits (e.g., development of IP expertise with specialized judges, unification of court practices with respect to IP cases, improvement of the consistency of court judgments, predictability of litigation outcomes) and negative aspects (e.g., costs in terms of human, financial and structural resources; affordability in view of the IP case load in the concerned country; disjunction with the greater legal and social landscape) are discussed in a neutral way, such discussion being informed, *inter alia*, by the work done in the framework of the ACE¹⁷.

14. Questions of evidence in the framework of civil proceedings may also be addressed to ensure compliance with the requirements of the relevant provisions of the TRIPS Agreement¹⁸. This is achieved through highlighting the options provided for by Articles 43.2 and 47 of the TRIPS Agreement and presenting examples of possible wording of provisions if the Member State wishes to implement these options.

15. Similarly, legislative comments are provided in relation to provisions on provisional measures, with explanations and suggestions which may be accompanied by examples of

¹³ WCT, Article 11; WPPT, Article 18.

¹⁴ WCT, Article 12; WPPT, Article 19.

¹⁵ See para. 18 below.

¹⁶ Developments relating to the IP enforcement in the digital environment have also been discussed within the framework of the ACE. See, *inter alia*: WIPO/ACE/9/20 to 24; WIPO/ACE/9/27; and WIPO/ACE/10/18; WIPO/ACE/10/20 to 21; WIPO/ACE/10/24 and 25.

¹⁷ See the seven contributions on “Mechanisms to Resolve IP Disputes in a Balanced, Holistic and Effective Manner” compiled in WIPO/ACE/11/7.

¹⁸ Articles 42, 43, 47 and 50.1, (b), of the TRIPS Agreement. Furthermore, whenever there is a request to provide legislative assistance on the enforcement-related provisions of draft patent laws, comments are made on the implementation of Article 34 of the TRIPS Agreement on the burden of proof in case of process patents.

possible wording for provisions in line with Article 50 of the TRIPS Agreement and/or examples of legal provisions from other WIPO Member States that implement Article 50 of the TRIPS Agreement.

16. Civil corrective measures, *i.e.*, injunctions¹⁹, damages²⁰ and other remedies²¹ are often a key point of the legislative comments. In particular, questions relating to the implementation of Article 45 on damages are often dealt with, both because of the tremendous importance of the assessment of damages in IP litigation and because of the wording of Article 45 of the TRIPS Agreement. In this regard, recurring issues in legislative assistance (and capacity-building activities) – which might warrant further work in the framework of the ACE – are mainly the following:

- Will damages be limited to cases in which the infringer was acting in bad faith, following the minimum standard of Article 45.1, or will they also be available where infringers did know or should have known that they were engaging in infringing activity?
- How is the prejudice to be assessed and how is the amount of damages to be calculated? One typical way of assessing the prejudice is by compensating the right holder's loss of profits, but how is this loss of profits to be calculated?
- Is there a possibility of account of profits, implementing the option of Article 45.2 of the TRIPS Agreement? This exists in many jurisdictions, either as an alternative or in (partial) addition to the actual loss of profits.
- Are the costs of detecting, countering (for example by additional advertising to compete with the infringing products) and terminating the infringement being taken sufficiently into account, including the judicial costs? What about appropriate attorney's fees, the taking into account of which is optional under Article 45.2 of the TRIPS Agreement?

17. Article 46 of the TRIPS Agreement provides for further remedies, such as the authority to order the disposal outside the channels of commerce or destruction of infringing goods as well as the disposal of materials and implements predominantly used in the creation of infringing goods, whenever such measures are proportionate. Comments on the exact scope of the principles of Article 46 of the TRIPS Agreement²², taking also into account the work done in the ACE relating to the issue of the environmentally-friendly disposal of IP infringing goods²³, as well as examples of possible wording, are provided if need be. Comments on the implementation of Article 46 would often apply, *mutatis mutandis*, to the implementation of Articles 59 and 61 of the TRIPS Agreement regarding the disposal of the infringing goods and/or the implements and materials predominantly used for their manufacture.

18. A substantial part of the legislative assistance is devoted to advising or commenting upon the draft provisions on border measures in light of Articles 51 to 60 of the TRIPS Agreement. More particularly, the following aspects are closely examined: (i) whether border measures are provided for in cases of importation of alleged counterfeit trademark or pirated copyright

¹⁹ TRIPS Agreement, Article 44.

²⁰ TRIPS Agreement, Article 45.

²¹ TRIPS Agreement, Article 46.

²² Comments on the principles of Article 46 take account of the WTO Panel Report, *China – Measures affecting the Protection and Enforcement of Intellectual Property Rights*, WT/DS/362R, January 26, 2009.

²³ See David Blakemore, A Study Relating to Existing Methods of Disposal and Destruction of Counterfeit Goods and Pirated Goods within the Asia-Pacific Region (WIPO/ACE/6/8) and Martin Guard, Study on the Environmentally Safe Disposal of IP Infringing Goods (WIPO/ACE/12/3).

goods – which is the minimum obligation imposed by Article 51 – or, on the contrary, whether border measures are provided for beyond the minimum standard of Article 51, and whether this corresponds to the intention and needs of the requesting Member State; (ii) the procedure relating to border measures, in light of Articles 52 *et seq.*, of the TRIPS Agreement. If need be, examples of amended wording or of possible wording of new provisions are provided to ensure compatibility with the relevant provisions of the TRIPS Agreement. In addition, where relevant, the flexibilities and options contained in Articles 57²⁴, 58²⁵ and 60²⁶ of the TRIPS Agreement are explained to assist the Member State in deciding in full knowledge whether or not to make use of one or several of these options. In order to be as informative and useful as possible, the comments may also inform about new legislative initiatives being taken in other countries that might add to what is prescribed under the TRIPS Agreement. For example, the comments may inform about the legislative trend existing in several countries of complementing the border measures in line with Articles 51 to 60 of the TRIPS Agreement with “simplified border procedures”, that are not dealt with in the TRIPS Agreement, insofar as it provides a cost-effective way of dealing with the importation of alleged IP infringing goods (reduction of time of storage of the alleged infringing goods in warehouses with positive outcomes in terms of costs and of space availability in warehouses; avoidance of time-consuming and more expensive judicial proceedings). Under such a “simplified procedure” the allegedly infringing goods may be destroyed or disposed of without the need for a decision on the merits from the competent authority, under specific conditions, notably the agreement – which may be deemed to exist under specific conditions – to the destruction of the goods by both (i) the right holder and (ii) the person in whose name the customs declaration for the goods has been made or the holder of the goods (*i.e.*, the importer or the owner to whom the goods are destined)²⁷.

19. Comments are also provided regarding the criminalization of IP infringements in light of Article 61 of the TRIPS Agreement. Issues often dealt with include the following:

- The absence of any obligation to provide for criminal procedures and penalties in cases other than “willful trademark counterfeiting or copyright piracy on a commercial scale”. The scope and meaning of these terms are carefully delineated, principally by reference to the WTO Panel Report in case WT/DS/362R²⁸. Similarly, the notion of “commercial scale” is detailed further as implying that the activity at stake must have a commercial nature, *i.e.*, is being carried out for profit, and presents a certain quantitative aspect, *i.e.*, some magnitude²⁹. If a requesting Member State wishes to go beyond what is required as a minimum by Article 61 (for example criminal procedures for patent infringements), the implications of such a course are equally addressed³⁰.

²⁴ On the right of information, see the last sentence of Article 57 of the TRIPS Agreement.

²⁵ According to Article 58 of the TRIPS Agreement, WTO Members may decide that the competent authorities will have the power to act *ex officio* to suspend the release of the alleged infringing goods.

²⁶ Pursuant to Article 60 of the TRIPS Agreement, WTO members are free not to apply border measure to *de minimis* imports, namely “small quantities of goods of a non-commercial nature contained in travelers’ personal luggage or sent in small consignments”.

²⁷ An explicit example of the “simplified procedure” can be found in the European Union legal framework: Regulation (EU) No. 608/2013 concerning customs enforcement of intellectual property rights, OJEU, 2013, L181/15, Article 23(1).

²⁸ WTO Panel Report, WT/DS/362R, *op. cit.*, para. 7.520.

²⁹ *Ibid.*, para. 7.544 and 7.545.

³⁰ Reference is made in this regard to document CDIP/15/6 (“Patent-Related Flexibilities in the Multilateral Legal Framework and Their Legislative Implementation at the National and Regional Levels – Part IV”) presented in the framework of the Committee on Development and Intellectual Property (CDIP). This document examines, *inter alia*, the flexibility to establish or not to establish criminal sanctions in patent enforcement.

- The level of penalties, with Article 61 prescribing that criminal sanctions for counterfeiting and piracy should be a deterrent but also consistent with those applicable to crimes of equivalent gravity. Within these boundaries, it is for each jurisdiction to determine appropriate penalties. Often, comments would express caution in relation to minimum penalties that would reduce the discretion of the competent judge to render a proportionate sentence in light of all relevant circumstances of the case.

IV. CONCLUSION

20. Utmost care is taken in ensuring that the legislative assistance in the field of IP enforcement be useful, informed, neutral and objective. It is based principally on Part III of the TRIPS Agreement, which is still the only multilateral treaty in force which contains detailed rules on IP enforcement with minimal obligations as well as flexibilities and options. The legislative assistance is tailor-made to meet the needs of the requesting Member State, taking full account of human and financial constraints, and of the necessity to ensure compliance with the Member State's international obligations. It is specifically demand-driven and provided with a view to protecting the general public interest (State, consumers) as well as the right holders, in a balance of rights and obligations in line with Recommendations 13, 14 and 45 of the Development Agenda.

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