

**CODIGO DE ORDENAMIENTO DEL MERCADO PROJECT
DOMINICAN INTELLECTUAL PROPERTY LAWS**

AND

THE TRIPS AGREEMENT:

A STUDY AND FUTURE ACTION PLAN

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ACRONYMS

ADOPIAsociación Dominicana de Propiedad Intelectual

COM Código de Ordenamiento del Mercado

PRC Patent Related Cooperation Agreement

EFID Empresas Farmacéuticas de Investigación y Desarrollo

WIPO World Intellectual Property Organization

TRIPS Trade Related Intellectual Property

WTO World Trade Organization

EXECUTIVE SUMMARY

The Agreement on Trade Related Aspects of Intellectual Property, administered under the auspices of the World Trade Organization is one of the most significant multinational treaties involving the protection of intellectual property rights of the Twentieth Century. As a signatory to the Agreement, the Dominican Republic must comply with the provisions of TRIPS regarding the enforcement of intellectual property rights or face trade sanctions, including the imposition of trade tariffs on exported products to the member nations of the WTO, and the loss of foreign aid from the United States under the Caribbean Basin Initiative (among others).

TRIPS establishes extensive protection and enforcement standards for all forms of intellectual property, including patents, copyrights, trademarks and trade secrets. Under Article 65 of TRIPS, developing countries, including the Dominican Republic have until January 1, 2000 to bring their laws into compliance. In addition, enforcement efforts must be mounted to meet the minimum enforcement obligations of TRIPS, including specified procedural minimums and specified minimum available relief for rights holders against infringers. These requirements include the availability of fair and equitable procedures, adequate remuneration for the harm, and stringent provisional measures to prevent the destruction of evidence and future infringement.

Current Dominican patent, copyright and trade mark laws are *not* in compliance with TRIPS requirements. The *Codigo de Ordenamiento del Mercado*, introduced into the legislature in October 1998 resolves some of these problems, but not all of them. Among the major problems which remain to be resolved under the *Codigo* are the following:

Patents

- Failure to include all patentable inventions (including pharmaceutical products)
- Failure to protect all required rights of a patentee including the right to prohibit the importation of infringing goods
- Grant of compulsory licenses without required safeguards, including:
 - A commercially reasonable time to negotiate with the patent owner
 - No right of judicial review of the grant, terms, or continuation of a compulsory license
 - No limitation on the use of compulsory licenses to supply only the domestic market
 - No limitation on the bases for which compulsory licenses can be granted

Copyright

- Time periods which violate the minimum required periods for protection
- Violation of national treatment principles
- Extensive notice and deposit requirements in violation of the prohibition against formalities for protection
- Deposit into public domain for failure to accord rights holder status to the appropriate surviving parties after the author's death
- Compulsory licenses granted in violation of the rights holder's normal exploitation rights
- Failure to provide adequate control over public performance rights

Trademarks

- Inadequate protection for famous marks
- Failure to prohibit the use of geographic indications on wines and spirits
- Unauthorized restrictions on the assignment and use of marks

In addition the enforcement procedures which are set forth in various portions of the Codigo do not meet the minimal procedural or remedial requirements of TRIPS. Among the major problems which remain in the Codigo are:

- Lack of adequate notices to rights holders of challenges to validity and of the grant of compulsory licenses
- Lack of a reasonable opportunity to challenge the registration of a mark
- No right to rapid temporary injunctive relief to eliminate the threat of future infringements
- Lack of procedures for ex parte seizures to protect evidence of infringement and to deter future infringements, including seizure of all goods and materials used predominantly in the infringement, and their subsequent destruction
- Lack of sufficient criminal penalties to deter future infringements, including monetary penalties that vary depending on severity of crime
- Lack of adequate remuneration to rights holders in civil proceedings
- Lack of judicial review in all proceedings that affect intellectual property rights

Finally, it should be remembered that TRIPS requires not merely legislative compliance with its enforcement obligations, but actual enforcement of those laws as well.

SECTION I

Background

In 1994 the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) was signed by over 111 countries. Members of the World Trade Organization (WTO) of which The Dominican Republic is a member, must comply with the provisions of TRIPS regarding the enforcement of intellectual property rights or face trade sanctions under the WTO. Because, as discussed more completely below, TRIPS establishes extensive protection and enforcement standards for all forms of intellectual property, including patents, copyrights, trademarks and trade secrets, grace periods have been granted to various countries to afford them an opportunity to bring their laws into compliance. Under Article 65 of TRIPS, developing countries, including the Dominican Republic have five years in which to bring their laws in compliance or face potential sanctions for treaty violations, or until January 1, 2000. According to a recent determination by the WTO regarding India's purported failure to bring its patent laws into compliance with TRIPS standards, *India Patent Protection for Pharmaceutical and Agricultural Chemical Products*, WT/DS79/R (August 24, 1998), compliance with TRIPS requires, not simply that laws be proposed, but that they actually come into existence prior to this effective date. In addition, enforcement efforts must be mounted to meet the enforcement requirements of Articles 41 through 60. Consequently, many developing countries are faced with the prospect of bringing their intellectual property protection and enforcement efforts into compliance in a relatively short period of time.

A. Focus of This Study

Pursuant to the Statement of Work (SOW) this report compares the *Codigo de Ordenamiento del Mercado* project with the requirements under TRIPS to determine compliance with TRIPS standards with this project. A key aspect considered is the problem of protection for pharmaceutical products which has been discussed a great deal in the press of the Dominican Republic but in which it appears no clear rights have been established.

This Report contains a detailed analysis of present TRIPS requirements, which are then contrasted with current Dominican intellectual property laws to determine compliance. Current proposals to revise Dominican law to bring such laws in compliance are also reviewed to determine if they achieve the desired goals.

Finally an action plan is included for achieving TRIPS compliance. Copies of current Dominican Intellectual Property Laws, the *Codigo de Ordenamiento del Mercado* (COM), and the TRIPS Agreement have been included as Appendices I, II and III, respectively.

B. Action Plan

Current Dominican patent, copyright and trade marks laws are *not* in compliance with TRIPS requirements, although only minor modifications are required to Dominican Copyright Law, No. 32-86 to assure compliance. Present proposed legislation corrects many of these proposed deficiencies. Based on the analysis contained in this report, the following steps should be taken to insure compliance with TRIPS in as rapid a period of time as possible to avoid potential trade sanctions:

- Revise proposed legislation to correct the deficiencies identified in this study and to meet TRIPS requirements.
- Conduct educational outreach programs to educate the public and legislators regarding

the desirability for rapid adoption of these revised laws.

- Media interviews.
- Conferences.
- Press articles.
- Lobbying by local writers, musicians, artists and entrepreneurs in support of TRIPS compliance and the proposed legislation.
- Review court and administrative procedures to assure TRIPS compliance and revise as required.
- Conduct workshops for prosecutors, judges, police, customs officials, and lawyers regarding intellectual property enforcement issues, investigatory techniques, and evidentiary and proof issues.
- Seizure and destruction of infringing goods, materials and implements.
- Remedies.
- Expand IP enforcement efforts by using IP Department of the Fiscalia of Santo Domingo as a model.
- Expand educational outreach to public regarding value of protecting intellectual property rights.
- Utilize IP Department's display of seized goods as a model.
- Publicize seizures and successful prosecutions for violations.
- Create education materials for elementary and secondary schools regarding value of IP enforcement.
- Expand interagency cooperation between prosecutors, police and customs regarding IP enforcement.
- Review application and registration procedures to comply with Patent Cooperation Treaty, Madrid Protocol, and the Nice Classification System to continue to bring the Dominican Republic into compliance with international norms.

SECTION II

TRIPS Requirement for Intellectual Property Protection

A brief historical review. In order to understand fully the intellectual property standards of TRIPS which countries must meet in order to avoid WTO sanctions, it is necessary to understand the historical context in which TRIPS developed. TRIPS was negotiated during the Uruguay Rounds of the General Agreement on Trade and Tariffs. It is governed by the WTO which, for all practical purposes, is the successor to GATT. As a trade agreement, TRIPS violations are governed by the WTO and subject to its sanctions.

TRIPS, however, is *not* the first international treaty concerned with the protection of intellectual property rights. To the contrary, among the pre-existing multinational treaties were the Berne Convention for the Protection of Intellectual Property Rights, insert, and the Paris Convention for the Protection of Industrial Designs, insert. The Berne Convention established minimum substantive standards of protection for copyright. The Paris Convention established minimum substantive standards of the protection for patents, trademarks and trade secrets. Both the Paris and Berne Conventions are administered by the World Intellectual Property Organization (WIPO). These standards were incorporated by reference into TRIPS in Articles 2 and 9, respectively. Consequently, these standards must also be considered in determining whether present Dominican intellectual property law and the COM meets TRIPS standards¹.

For ease of consideration these “additional” standards will be addressed under the appropriate sections of the report addressing the particular intellectual property in question. Copies of the Berne and Paris Conventions have been included in Appendices IV and V, respectively in both English and Spanish. Since subsequent WIPO treaties, such as the WIPO Copyright Treaty, have *not* been adopted into TRIPS, and, therefore, do not fall within the sanctioning powers of the WTO, they will not be addressed in this report.²

Under TRIPS, intellectual property is defined as including “all categories of intellectual property that are the subject of Sections 1 through 7 of Part II.”³ Those “categories” protection under the Act are copyrights (Section 1), trademarks (Section 2), geographical indicators (Section 3), industrial designs (Section 4), patents (Section 5), topographies (layouts) of integrated circuits (Section 6) and trade secrets (Section 7). Given the importance of pharmaceutical patents, this report will address the various forms of intellectual property in the following order:

- Patents
- Copyrights
- Trade marks and Geographical Indicators
- Industrial Designs

¹ It should be noted that the Dominican Republic is also a signatory to both the Paris and Berne Conventions and must therefore comply with their provisions under their treaty obligations under these conventions as well. Consequently, compliance with TRIPS should also assure compliance with the Dominican Republic’s additional treaty obligations for intellectual property protection.

² The Dominican Republic is not presently a signatory to these treaties and is, therefore, under no present obligation to meet their requirements.

³ TRIPS, Article 1(2).

- Trade Secrets
- Topographies

It will also address perhaps the most significant intellectual property issue contained in TRIPS –its minimum standards for the enforcement of intellectual property rights. Legislative *and* enforcement compliance with all TRIPS standards is required to meet current treaty obligations.

A. General Intellectual Property Protection Requirements under TRIPS

It is important to understand what TRIPS does *not* require. TRIPS does not require the adoption of a particular legal system of protection/enforcement for intellectual property rights. It does not require that the enforcement be conducted solely through judicial procedures. To the contrary, Article 1 specifically provides that “Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.” Thus, for example, compliance with protection and enforcement standards may be achieved through legislative, judicial and/or administrative means.

Even though TRIPS does not require adoption of a particular system of protection, it does establish minimum substantive and enforcement standards for diverse intellectual property rights. At its foundation TRIPS requires that members accord national treatment to one another. In essence, “nationals of other member nations must receive treatment “treatment no less favorable than that it accords to its own nationals with regard to the protection of intellectual property.”⁴ This requirement of national treatment prohibits the imposition of special fees or procedures on foreign rights holders who are seeking to enforce their rights under domestic laws. Procedures required to secure designation of agents for service of process and other specialized procedures related to the judicial enforcement of rights are exempted under TRIPS only where they are “necessary” to secure compliance with laws and regulations that are not inconsistent with TRIPS obligations.⁵

B. Patent Protection under TRIPS

Key Requirements:

- National Treatment
- Protection for
 - Processes and Products
 - In all fields of technology
 - Including pharmaceuticals
- Only 3 substantive requirements allowed
 - New
 - Involves an inventive step (non-obvious)
 - Capable of industrial application (useful)
- Patent owners are granted exclusive right to prohibit the following unauthorized uses of a patented product:
 - Making
 - Using
 - Offering for sale

⁴ TRIPS, Article 2.

⁵ TRIPS, Article 3(2).

- Selling
 - Importing
- Patent owners are granted exclusive right to prohibit the following unauthorized uses of a patent process:
 - Use
 - Making, using, offering for sale, selling or importing a product created directly by the patented process
- 20 year minimum term from the date of application
- Compulsory licenses narrowly circumscribed
- One year priority right

B1. Paris Convention Incorporation (Right of Priority)

TRIPS incorporates the minimum substantive standards of the Paris Convention for its required level of protection for patents. In Article 2, it specifically provides that Articles 1 through 12 and Article 19 of the Paris Convention are incorporated by reference. This incorporation by reference consequently requires that domestic law comply with these articles of the Paris Convention in order to be in compliance with TRIPS standards.

With regard to patent protection, these incorporated articles require patent owners be granted a right of priority of one year from the date of national filing in which to file patent applications in member countries⁶. Any filing which is the “equivalent” to a “regular national filing” under domestic law or under multinational treaties such as the Patent Cooperation Treaty (of which the Dominican Republic is not currently a member), must give rise to this right of priority⁷. Under this right of priority, an applicant who files an application for patent protection in a member country must receive the identical filing date for all subsequently filed applications in member countries which are made within one year of the filing date of the first application. Holidays and weekends are not counted in determining the one year cut off date. Neither is the date of filing⁸. Thus, for example, if an inventor files an application to obtain patent protection in the United States on January 3, 1999, under the Paris Convention so long as he files an application for patent protection in member countries by no later than January 3, 2000, that application must be treated as if it were filed on January 3, 1999. This “priority date” prevents the invention from being denied protection for any publications or other acts which occur during the one-year priority period which otherwise would adversely affect a patentee’s claim. Thus, if the applicant after filing his application in the United States had demonstrated his invention at a trade show on March 3, 1999, such demonstration could not be considered a publication which eliminated the novelty of the invention in the Dominican Republic.

⁶ Paris Convention, Article 4.

⁷ *Id.* The Patent Cooperation Treaty is a multinational treaty administered by WIPO which basically establishes a unitary filing system for the filing of multinational patent applications.

⁸ *Id.*

Article 4bis of the Paris Convention further requires that each patent must be considered "independent" so that forfeiture of a patent in one country does not result in world-wide forfeiture⁹. The inventor must be mentioned as such¹⁰. Furthermore, patent protection cannot be refused or invalidated due to limitations or restrictions on the sale of the patented product under domestic law¹¹. The patentee shall also have the right to import articles manufactured in other countries using the patent without forfeiting his rights domestically¹². Remarkably, the Paris Convention provided no definition of the term "patent." Instead, Article I defines "patents" as one of the "objects" of "protection of industrial property."¹³ The only "definition" appears in Article 1(4) which provides that patents "shall include the various kinds of industrial patents recognized by the laws of the countries of the Union, such as patents of importation, patents of improvement, patents and certificates of addition, etc." This definition, while vague, is in accordance with TRIPS, and does not add any new or additional requirements other than those set forth under TRIPS. Consequently, all of the provisions of the incorporated articles must appear in any domestic scheme to protect intellectual property in order to be in compliance with TRIPS requirements.

B2. Patentable Inventions under TRIPS

TRIPS goes beyond the priority and independent existence standards of the incorporated Paris Convention articles to establish minimum definitional requirements for a patentable invention. It requires patent protection be extended to "any inventions, whether products or processes, in all fields of technology"¹⁴ which are "new," which "involve an inventive step," and are "capable of industrial application."¹⁵ This includes granting patent protection to pharmaceutical products. As noted earlier, in India pharmaceuticals case, the WTO specifically held that India's failure to establish a workable system for registering patents for pharmaceutical products violated its treaty obligations under TRIPS. Although patent protection must be granted to qualifying inventions "in all fields of technology," members may, at their option, exclude from protection the following:

- diagnostic, therapeutic and surgical *methods* for the treatment of humans or animals;¹⁶
- plants and animals (other than microorganisms);¹⁷
- "essentially biological processes" for the production of plants or animals other than "non-

⁹ Paris Convention, Article 4 *bis*.

¹⁰ Paris Convention, Article 4 *ter*.

¹¹ Paris Convention, Article 4 *quarter*.

¹² Paris Convention, Article 5.

¹³ Paris Convention, Article 1(2).

¹⁴ TRIPS, Article 27.

¹⁵ *Id.*

¹⁶ TRIPS, Article 27(3).

¹⁷ *Id.*

- biological and microbiological processes;”¹⁸ and inventions whose commercial exploitation within the country is prohibited because such prohibition is “necessary to protect *the public order* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment” Such exclusions cannot be made simply because domestic law prohibits such exploitation, however. Instead, the prohibition must be made because the *exploitation of the invention* harms public order or morality.¹⁹

Although plants may be excluded from patent protection under Article 27 of TRIPS, this article goes on to require that plant varieties must be protected either by patents or “an effective sui generis system” or a combination of the two.

¹⁸ *Id.*

¹⁹ TRIPS, Article 27(2).

Most importantly, as noted above TRIPS requires that patent rights be extended to those inventions which are “new,” which “involve an inventive step,” and are “capable of industrial application.”²⁰ The terms “inventive step” and “capable of industrial application” may be considered synonymous with “non-obvious” and “useful,” respectively²¹. TRIPS does not further define the conditions of novelty and non-obviousness. The only other “substantive” condition that a country must impose on an applicant under TRIPS is that it disclose the invention “in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art.”²² The requirement of a ‘best mode’ disclosure is optional²³. Similarly, a country, at its option, may require the applicant to provide information concerning corresponding foreign applications and patent grants²⁴. No other substantive requirements may be imposed on the grant of a patent under TRIPS.

B3. Rights Granted the Patent Owner under TRIPS

²⁰ *Id.*

²¹ TRIPS, Footnote 5.

²² TRIPS, Article 29(1).

²³ TRIPS, Article 29(1).

²⁴ TRIPS, Article 29(2).

Foreign and domestic patent owners must be granted a twenty-year minimum term of protection from the date of the application²⁵. They must be granted the right to prohibit the unauthorized use of a patented process,²⁶ and the right to prohibit the unauthorized "making, using, offering for sale, selling or importing" of a patented product²⁷ or of a product created directly by a patented process."²⁸ TRIPS does not address the question of international exhaustion of rights²⁹. Thus, the right of third parties to import an infringing product lawfully placed into foreign commerce by the patent owner in another country is subject to domestic law. In addition to the exclusive right of exploitation of the patented invention described above, patent owners must also be granted the right to assign and transfer patents and to conclude licensing contracts for the exploitation of the patented invention within the territory of the domestic country.³⁰

B4. Compulsory Licences and Other Uses without the Authorization of the Right Holder

Compulsory licenses are not favored under TRIPS. Article 30 of TRIPS provides that any exception to the exclusive rights granted a patent owner must be "limited" in nature³¹.

²⁵ TRIPS, Article 33.

²⁶ TRIPS, Article 28(1).

²⁷ *Id.*

²⁸ *Id.*

²⁹ TRIPS, Article 6. International exhaustion is also referred to as grey market or parallel importation. Under the doctrine of international exhaustion a country may declare that intellectual property owners have no right to control the subsequent distribution of IP protected products once such products have been lawfully manufactured and distributed with the IP owner's permission. For example, if Copyright Owner A authorized the publication and sale of his book in Mexico, under the doctrine of international exhaustion, the author has not right to control the subsequent distribution of such lawfully manufactured works. Consequently, the author cannot prohibit the importation of such lawfully produced works into the Dominican Republic. TRIPS leaves each country free to decide to what extent it will follow the doctrine of international exhaustion.

³⁰ TRIPS, Article 28(2).

³¹ TRIPS, Article 30.

Among the types of uses which might fall within the scope of permissible exception under Article 30 are the use of inventions for research, or for teaching or for experiments made for the purpose of seeking regulatory approval for marketing a product after the expiration of the patent; To qualify as a permissible exception, every granted under domestic law must meet the following tri-partite test:

- It but must be a “limited” exception.³²
- The excepted use must not “unreasonably conflict with a normal exploitation of the patent.”³³
- Such use must not “unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.”³⁴

TRIPS also establishes detailed requirements for compulsory patent licenses under Article 31. Under TRIPS, every compulsory license must provide the patent owner with “adequate remuneration” for the compulsory use of his patented invention. The sufficiency of any such remuneration must be based on the “economic value” of the authorization and must be subject to judicial or “other independent” review “by a distinct higher authority in the member country. Where the use has been authorized in order to correct “anti-competitive practices” such need may be considered in establishing the amount of remuneration to be paid. Any determination to grant a compulsory license must be subject to judicial review.

TRIPS expressly recognized five grounds on which a compulsory license might be granted:

- Where a patentee has previously refused to grant a license on commercially reasonable terms;
- In instances of national emergency or extreme urgency;
- To correct anti-competitive practices;
- For non commercial uses;
- To permit use of a dependent patent.

³² *Id.*

³³ *Id.*

³⁴ *Id.*

Although these grounds appear to be permissible purposes for which a compulsory license may be granted, it should be noted that TRIPS prohibits the blanket compulsory licensing of patented inventions. Thus, it is a violation to compel the compulsory licensing of all inventions, for example, in a particular field, such as pharmaceuticals, or in a particular industry, or those that belong to a particular group of inventors. Instead, decisions must be based on a case by case basis. In addition, The proposed user must have made efforts to obtain a license from the right holder “on reasonable commercial terms and conditions” prior to seeking the license in question,³⁵ and such efforts must have been unsuccessful “within a reasonable period of time.”³⁶

The duration of a compulsory license must be “limited to the purpose for which it was authorized.”³⁷ Any such license must be a non-exclusive and non-assignable one, except that the license may be assigned with the part of the enterprise or goodwill that uses it³⁸. In addition, such licenses must be granted “predominantly for the supply of the domestic market”³⁹ except where such license is granted to remedy anti-competitive practices⁴⁰. A compulsory license must end when and if the circumstances that led to such license cease and “are not likely to recur.”⁴¹ On “motivated request” “the competent authority” must have the authority to review the continued existence of the circumstances giving rise to the initial authorization by the government to use the patented invention without the patent owner’s permission. The legal validity of any decision relating to the authorization of a compulsory use, as well as the amount of remuneration granted must be subject to judicial review, or to “other independent review by a distinct higher authority in the member country.”⁴²

³⁵ TRIPS, Article 31.

³⁶ *Id.*

³⁷ TRIPS, Article 31(c).

³⁸ TRIPS, Article 31(e).

³⁹ TRIPS, Article 31(f).

⁴⁰ TRIPS, Article 31(k).

⁴¹ TRIPS, Article 31(g).

⁴² *Id.*

Where a “national emergency” or “other circumstances of extreme urgency” exists, there is no need to attempt negotiation of reasonable commercial terms during a reasonable period of time. Although prior attempted negotiation with the rights holder is not required in such instances of “national emergency,” the rights holder must still be notified of the proposed use “as soon as reasonably practicable.” Furthermore, the declaration of national emergency does not eliminate the duty to pay “adequate remuneration” to the patent holder for such use. It also does not avoid the right of the patent owner to an independent determination of the legal validity of such declaration.

Where the license is granted for a “public, non-commercial use” granted “predominantly” for the supply of the domestic market, the government (or its contractor) must promptly inform the right holder of the intended use when it “knows or has demonstrable grounds to know that a valid patent is or will be used by the government.”⁴³

⁴³ TRIPS, Article 31. Article 31, however, does not require that a patent search be conducted.

Where the use at issue is permitted in order to remedy a practice that has been found to be “anti-competitive” after a judicial or administrative process, there is no need for prior negotiation with the holder to establish reasonable commercial terms and conditions. Similarly the requirement that such use be limited to supply the domestic market does not apply. Furthermore, in determining the amount of remuneration to be granted, the need to correct such anti-competitive practices “may be taken into account.”⁴⁴

In certain instances the practice of one patent may be necessary to permit the practice of a second patent (dependent patents). For example, assume that Patentee A has the rights to a patent for a particular trestle for a suspension bridge. Patentee B owns the rights to a patent for an improvement on the trestle. Practice of the improvement in Patent B is dependent on the right to practice the invention owned by Patentee A. If the government decides to use Patent B to build a bridge across a navigable waterway and cannot obtain a license within a commercially reasonable time period on commercially reasonable terms and conditions, it might, in accordance with TRIPS requirements, authorize the use of Patent B in the construction of this publicly owned and operated bridge.

Assuming all other conditions for a lawful compulsory license are met, the government can only license the use of the second patent (Patent B) if the invention in this patent “involve[s] an important technological advance of considerable economic significance in relation to the invention claimed in the first patent (Patent A).”⁴⁵ The owner of the first patent (Patent A) must be entitled to a cross license “on reasonable terms” to use the claimed invention in the second patent (Patent B). Finally, any use of the first patent (Patent A) cannot be assigned without the assignment of the second patent (Patent B).

Domestic working requirements for patents are similarly disfavored. Article 5 of the Paris Convention, which as noted above has been incorporated by reference into TRIPS, provides that patents cannot be forfeited if the grant of a compulsory license would have been sufficient to prevent the abuse. Moreover, no revocation or forfeiture proceedings may be brought until two years after the grant of the first compulsory license⁴⁶. In addition, no compulsory license may be applied for on the grounds of failure to work the invention before the expiration of a four year period from the date the patent application was filed or three years from the date the patent was granted, whichever period is longer⁴⁷. Such compulsory

⁴⁴ TRIPS, Article 31(k).

⁴⁵ TRIPS, Article 31(l).

⁴⁶ Paris Convention, Article 5(3).

⁴⁷ Paris Convention, Article 5(4).

license must be refused “if the patentee justifies his inaction by legitimate reasons.”⁴⁸ Any compulsory license granted for a failure to work the patent must be non-exclusive and cannot be transferred, even in the form of a sub-license, except with the part of the enterprise or goodwill which exploits such license.⁴⁹

B5. Patent Infringement under TRIPS

TRIPS does not define the substantive tests for determining whether a patentee’s exclusive rights have been infringed. Thus, tests of literal infringement and application of the doctrine of equivalents remain subject to domestic law standards. TRIPS does, however require adequate enforcement of an owner’s intellectual property rights (discussed below). Furthermore, with regard to infringement of a process patent, Article 34 requires that the defendant bear the burden of proving that he has used a process other than the plaintiff’s patented process. TRIPS further requires that any identical product produced without the patentee’s permission must be presumed to be infringing of the patented process in at least one of the following circumstances:

- If the product is new; and/or

⁴⁸ *Id*

⁴⁹ *Id*

- If there is a substantial likelihood that the product was made using the process *and* the patent owner has not been able through “reasonable efforts” to determine the process that was actually used.⁵⁰

B6. Pharmaceutical Patents under TRIPS

The required protection of pharmaceuticals under patent law was hotly debated during the Uruguay Round Negotiations that led to TRIPS. Article 27, however, firmly established that such protection must be extended to all pharmaceutical inventions so long as the invention is new, useful and contains an inventive step. As noted above, TRIPS specifically requires patent protection be extended to qualifying inventions “in all fields of technology.” Moreover, pharmaceuticals are *not* among the categories of inventions that a country may exclude at its option.

In addition to requiring the application of patent protection to qualifying pharmaceutical inventions, TRIPS also requires that clinical test and other data “whose origination ... involves considerable effort” that is required to obtain governmental approval for the marketing of the drug at issue be protected, including steps to ensure that such data is protected against “unfair commercial use.”⁵¹

C. Copyright Protection under TRIPS

Key Provisions:

- National Treatment
 -
 - Copyright owners granted exclusive right to authorize the following acts in connection with their works:
 - Reproduction
 - Translation and adaptation
 - Public distribution
 - Public display
 - Authorize the broadcast or other public communication
 - Commercial rental (limited to computer programs, phono records, cinematographic works)
 - Minimum term of protection of life of the author plus 50 years for most works
 - No registration, notice, or other formalities allowed
 - Fair use and compulsory licenses narrowly circumscribed.
- Protection or expression in all literary and artistic works, including computer programs and compilations of data which constitute intellectual creations

⁵⁰ TRIPS, Article 34(1).

⁵¹ TRIPS, Article 39(3).

Similar to its protection for patents, TRIPS incorporates the minimum substantive standards of the Berne Convention for Literary and Artistic Works for its required level of protection for copyrights. In Article 9, it specifically provides that Articles 1 through 21 of the Paris Convention are incorporated by reference. The sole exception to incorporation is Article 6bis which requires protection for certain non-economic, moral rights. As a result of this express exclusion from coverage, TRIPS contains no requirement that moral rights be protected⁵². (Moral rights, however, may be protected at a country's option without violating TRIPS obligations.) By incorporating by reference virtually all of the substantive provisions of the Berne Convention, TRIPS consequently requires that domestic law comply with these incorporated articles in order to be in compliance with TRIPS standards.

C1. Definition of a Copyright Protected Work

The Berne Convention currently requires copyright protection for enumerated categories of "literary and artistic works [including] every production in the literary, scientific and artistic domain whatever may be the mode or form of its protection."⁵³ Among the enumerated works included in this definition are:

books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatic-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.⁵⁴

In addition to the categories of literary, artistic and choreographic works to be protected under Article 2, the Berne Convention also requires protection for *collections* of literary and artistic works (such as for example encyclopedias and anthologies)⁵⁵ which by reason of the

⁵² This does not eliminate the duty of signatory countries to the Berne Convention to comply with the obligations of Article 6bis with regard to the protection of the moral rights of patrimony and integrity. It simply means that such protection is not required for TRIPS compliance.

⁵³ Berne Convention , Article (2)(1).

⁵⁴ Berne Convention, Article 2(1).

⁵⁵ Berne Convention, Article 2(5).

selection or arrangement of their contents constitute intellectual creations. In addition, translations, adaptations, arrangements of music and other alterations of a literary or artistic work must be protected as original works⁵⁶. The protection of such collections, translations, adaptations, arrangements and alterations, however, may not prejudice the copyright in the original. Furthermore, under Article 12 of the Berne Convention, such translations, adaptations, etc. may not be created without the permission of the copyright owner in the original work.⁵⁷

⁵⁶ Berne Convention, Article 2(3).

⁵⁷ Berne Convention , Article 12.

TRIPS has extended the original definition of a protectable “literary or artistic work” by requiring protection for computer programs⁵⁸ and for compilations of data which constitute “intellectual creations” by reason of the selection or arrangement of their contents⁵⁹. Such protection must not extend to the data or material contained in the compilation. However, where the underlying data and materials are already subject to copyright, copyright in the compilation must not adversely affect any such copyright. It should be noted that TRIPS does not prohibit *sui generis* protection for such databases, but such protection must be in addition to copyright protection.

Each country under Berne has the right to decide whether and to what extent it desires to protect the following works under copyright:

- Unfixed works⁶⁰. (The decision to require fixation before copyright protection attaches is a matter for individual legislation.)
- Official texts of a legislative, administrative or legal nature and official translations of such texts.⁶¹
- Works of applied art and industrial designs and models, including photography.⁶²
- Political speeches and speeches delivered in the course of legal proceedings.⁶³

The Berne Convention expressly prohibits countries from extending copyright protection to news of the day or to “miscellaneous fact having the character of mere items of press information.”⁶⁴ TRIPS has clarified these exclusions by expressly providing copyright

⁵⁸ TRIPS, Article 10(1).

⁵⁹ TRIPS, Article 10(2).

⁶⁰ Berne Convention , Article 2(2).

⁶¹ Berne Convention , Article 2(4).

⁶² Berne Convention , Article 2(7).

⁶³ Berne Convention, Article *2bis*. The author of such works, however, has the exclusive right to make a collection of his works and receive copyright protection for such collection. Berne Convention, Article *2bis* (3).

⁶⁴ Berne Convention, Article 2(8).

protection must extend to the “expressions” of the protected works but does not extend to “ideas, procedures, methods of operation, or mathematical concepts as such.”⁶⁵

C2. The Scope of Protection for Copyrighted Works

⁶⁵ TRIPS, Article 9(2).

The Berne Convention requires that authors be granted a term of protection of *no less* than the life of the author plus fifty years for most copyrighted works;⁶⁶ In the case of anonymous or pseudonymous works, the term of protection must be a minimum of 50 years after the work had been lawfully made available to the public. If during that time period, the author discloses his actual identity then the term of protection shall be the same as for other authors (a minimum of life plus 50 years)⁶⁷. For cinematographic works, the minimum term of protection is 50 years after the work was first lawfully made available in the country or, if an unpublished work, 50 years after its making⁶⁸. For works of applied art and photography that the country chooses to protect under copyright law, the term of protection must be at least 25 years from the making of the art⁶⁹. For joint authors, the term of protection is measured from the date of death of the last surviving author⁷⁰. These terms have been incorporated in TRIPS and must be complied with. In addition, TRIPS requires that when the author of a work is other than a natural person, the term of protection should be *no less* than 50 years from the end of the calendar year of authorized publication, or if no such publication occurs, then 50 years from the end of the calendar year of the making of the work⁷¹. This last rule, however, does not apply to photographic works or works of applied art.

Authors of protected works must be given the right to control the reproduction of their works;⁷² their translation;⁷³ and their public distribution, performance and display⁷⁴. Authors must also be granted the exclusive right to authorize the broadcast or "other communication" of their work to the public, subject to the right of countries to establish a compulsory licensing system for such works (see below)⁷⁵. In addition under Article 11 of TRIPS, for computer programs and cinematographic works, authors have the elusive right to authorize or prohibit the commercial rental of the originals of the protected works or their copies⁷⁶. Thus, no videos or computer programs can be rented without the permission of the copyright owner. Article 11 of TRIPS, however, provides that a member does not have to give a copyright owner the right to control the rental of a cinematographic work unless such rental had led to "widespread copying" *and* such copying is "materially impairing the

⁶⁶ Berne Convention , Article 7.

⁶⁷ Berne Convention , Article 7(3).

⁶⁸ Berne Convention , Article 7(2).

⁶⁹ Berne Convention , Article 7(4).

⁷⁰ Berne Convention , Article 7bis.

⁷¹ TRIPS Article 12.

⁷² TRIPS, Article 9.

⁷³ TRIPS, Article 8. Article 12 of the Berne Convention also grants authors the exclusive right of "authorizing adaptations, arrangements and other alterations of their works." Berne Convention , Article 12.

⁷⁴ Berne Convention , Articles 11, 11 *bis*, and 11 *ter*.

⁷⁵ Berne Convention , Article 11.

⁷⁶ TRIPS Article 11.

exclusive right of reproduction.”⁷⁷ For computer programs the copyright owner has no right to control the rental where the program itself “is not the essential object of the rental.”⁷⁸ Thus, if someone rents a car containing a computer program, the author of that program has no right to prohibit the rental.

⁷⁷ TRIPS, Article 11.

⁷⁸ TRIPS, Article 11.

TRIPS also prohibits the unauthorized rental of phonograms without the copyright owner's permission⁷⁹. However, where a compulsory rental system existed on April 15, 1994 (the effective date of TRIPS) that provided for "equitable remuneration" to the rights holder and such system "is not giving rise to the material impairment of the exclusive right of reproduction," the copyright owner may not prohibit such rentals.⁸⁰

C3. Registration and Other Formal Requirements for Protection

No registration, notice or other "formality" may be required for copyright protection to attach to works by foreign authors. Members may elect to impose stricter requirements on works by their own authors. Thus, for example, a country may require works by local authors to be registered with the national copyright office, but cannot require registration for foreign authors without violating Berne and TRIPS requirements⁸¹.

Like patents, copyrights are subject to an independent existence. Thus, even if the country of origin of a foreign work does not provide copyright protection, that work must be subject to the same protection as any other work in a given country. For example, assume that the author of a particular photograph is a citizen of Country A. Country A provides a limited term of protection for photography of 25 years. The photo in question was first published 30 years ago and is therefore not subject to copyright protection in Country A. Without the author's permission, the photo in question has been reproduced on a poster that is sold in Country B. Country B provides that copyright protection for photographs lasts for the life of the author plus 70 years. If the author sues for copyright protection in Country B, the work must be protected even though it would not be protected in the author's home country.

C4. Copyright Infringement under TRIPS

Similar to the treatment of patents under TRIPS, TRIPS does not establish a substantive test for infringement, thus leaving to domestic law regarding the scope of the expression/idea dichotomy and protection for non-literal copying. TRIPS does, however require adequate enforcement of an owner's intellectual property rights (discussed below).

C5. Fair Use and Compulsory Licenses under TRIPS

Compulsory licenses are not favored under TRIPS. Instead, TRIPS provides that any exception to the exclusive rights granted a copyright owner must be "limited" to "certain special cases."⁸² TRIPS consequently prohibits the blanket compulsory licensing of copyrighted works. Instead, every compulsory license granted under domestic law must meet the following tri-partite test:

- It must be a "limited" to "certain special cases."⁸³

⁷⁹ TRIPS, Article 14.

⁸⁰ *Id.*

⁸¹ Berne Convention , Article 5(2).

⁸² TRIPS, Article 13.

⁸³ *Id.*

- Such license must not “conflict with a normal exploitation of the work.”⁸⁴

⁸⁴ *Id.* Although this tri-partite test is facially similar to the tri-partite test for compulsory patent licenses, it has significant differences. The copyright test requires *no* conflict with the normal exploitation right. By contrast, TRIPS requires the conflict to be an unreasonable one before the compulsory license of a patent is prohibited.) It also eliminates any consideration of the legitimate interests of third parties in determining whether the license unreasonably prejudices the legitimate interests of the copyright owner.

- Such license must not “unreasonably prejudice the legitimate interests of the copyright owner.”⁸⁵

Because of copyright’s special nature, the Berne Convention expressly recognized a country’s right to provide certain exceptions to an author’s exclusive rights for purposes of news reporting,⁸⁶ education⁸⁷ and other designated “fair uses.”⁸⁸ These exceptions have been incorporated into TRIPS, but remain subject to the tri-partite test of Article 13. Although most “compulsory” licenses under TRIPS generally require “adequate remuneration” for the intellectual property owner⁸⁹. TRIPS recognizes that certain “fair uses” may be made of copyright protected work without compensation to the copyright owner. It should be noted that these permissible “fair uses” are extremely narrow and must comply with “fair practices.” Consequently, if the nature of the use is harmful to the copyright owner’s exploitation rights, they violate TRIPS.

The Berne Convention requires countries to permit quotations of a work without the copyright owner’s permission and without compensation so long as such use is “compatible with fair practices.”⁹⁰ Such use must include a mention of the source and of the name of the

⁸⁵ *Id.*

⁸⁶ Berne Convention , Article 10 *bis*.

⁸⁷ Berne Convention , Article 10(2).

⁸⁸ For example, Article 2 *bis* of the Berne Convention permits member countries to exclude from copyright protection "political speeches and speeches delivered in the course of legal proceedings." Berne Convention , Article 2 *bis* (1). Article 10 allows exemptions for purposes of comment so long as the use of such works "is compatible with fair practice" and does not "exceed that justified by the purpose." Berne Convention , Article 10(1). These provisions have been incorporated through TRIPS Article 9 and, therefore remain legitimately recognized international exceptions to protection.

⁸⁹ See discussion regarding compulsory licenses under patents above.

⁹⁰ Berne Convention, Article s 10(1)(quotations) and 10(2)(teaching).

author⁹¹. In addition, the right of unauthorized, uncompensated quotation must be limited to works which are lawfully available to the public. Finally, the extent of the quotation cannot not exceed that justified by its purpose⁹². Among the types of uses contemplated by Berne are quotations from newspaper articles and periodicals in the form of press summaries.

⁹¹ Berne Convention, Article 10(3).

⁹² Berne Convention, Article 10(1).

The Berne Convention also permits countries, at their option, to establish additional uncompensated uses for teaching and news reporting. Uncompensated uses for “teaching” must include the right to use literary or artistic works “by way of illustration” in “publications, broadcasts or sound or visual recordings for teaching..”⁹³ Such use must be “compatible with fair practices” and must mention the source and the name of the author⁹⁴. Furthermore, any such use must only be permitted to the extent justified by the purpose.⁹⁵

The news reporting privilege permitted under the Berne Convention is limited to the reporting of “current events” by photography, cinematography, broadcasting or “communication to the public by wire”⁹⁶. Any reproduction of literary or artistic work is subject to the additional requirement that the amount of the work seen or heard in such news report is “justified by the inforamatory purpose.”⁹⁷ In addition to permitting the unauthorized reproduction of a work in news reports, Article 10bis of Berne also allows countries to permit the reproduction by the press, the broadcasting or the communication to the public by wire of articles published in newspapers or periodicals on “current economic, political or religious topics.” The source of any such reproductions be clearly indicated⁹⁸. These fair use provisions have been incorporated into TRIPS and must be complied with.

C6. The Protection of Sound Recording, Broadcasts and Performances under TRIPS

⁹³ Berne Convention, Article 10.

⁹⁴ Berne Convention, Article s 10(1) and 10 (3).

⁹⁵ Berne Convention, Article 10(1).

⁹⁶ Berne Convention, Article 10bis (2).

⁹⁷ Berne Convention, Article 10 bis(2).

⁹⁸ *Id.*

The Berne Convention treats compulsory licenses for sound recordings, broadcast and public communication by wire differently than other types of uses. For all such uses, the copyright owner must receive “equitable remuneration.”⁹⁹ The right of a foreign owner to receive such remuneration, however, depends on reciprocity – whether the artist’s country of origin provides equivalent rights. The broadcast right is strictly limited to the right to broadcast a particular work and does not include any right to reproduce or record the performance being so broadcast¹⁰⁰. Neither Berne nor TRIPS addresses the issue of performer’s or producer’s rights. TRIPS, however, requires that countries prohibit the unauthorized fixation of unfixed (live) performances, and also prohibit the unauthorized reproduction or broadcast of such illegally fixed works¹⁰¹. Broadcasters are granted a similar right to prohibit the unauthorized fixation, reproduction and rebroadcast of the unfixed broadcasts¹⁰².

⁹⁹ Berne Convention , Article 11bis(2)(broadcasting), 13(sound recordings). The amount of equitable remuneration shall be fixed either by agreement or by the “competent authority.” *Id.*

¹⁰⁰ Berne Convention , Article 11bis (3). Each country may determine under what circumstances a broadcast organization is entitled to create ephemeral recordings of such broadcasts. Such legislation may permit the preservation of these recordings on the grounds of their “exceptional documentary character.” *Id.*

¹⁰¹ TRIPS, Article 14(1).

¹⁰² TRIPS, Article 14(1).

Where broadcasters are not given the right to prohibit such unauthorized broadcasts, the copyright owner of the broadcasted performance must be granted the “possibility” of prohibiting such acts¹⁰³.

C7. Cinematographic Works under TRIPS

Because of their unique collaborative nature, cinematographic works pose special problems in protection. Under Article 14bis of the Berne Convention, a cinematographic work is a protectable work. Authors have the exclusive right to authorize the adaptation of their works into cinematographic works¹⁰⁴. Where, however, the cinematographic work is not based on a pre-existing work, TRIPS allows countries determine by legislation who qualifies as the owner of such work¹⁰⁵. If ownership rights are awarded to “authors” who have “brought contributions to the making of the work,” TRIPS prohibits granting such authors the right to the reproduction, distribution, public performance, communication to the public, subletting or dubbing of texts, absent a contrary stipulation in an agreement which countries may require to be in writing¹⁰⁶.

D. Trademark Protection under TRIPS

Key Provisions:

- National treatment
- Protection for “any sign or combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings”

Acceptable optional requirements for protection:

- Registration (except for famous marks)
- Use (except to receive a filing date)
- Sign must be “visually perceptible”

Famous marks

¹⁰³ Although TRIPS does not require the grant of extensive rights to performers, producers or broadcasting organizations, the WIPO Performances Treaty does require the grant of such rights. While compliance is not necessary to meet TRIPS, it might be desirable to consider these international standards in future legislative changes to domestic law.

¹⁰⁴ Berne Convention , Article 14.

¹⁰⁵ Berne Convention , Article 14bis(2).

¹⁰⁶ Berne Convention , Article 14bis(2).

- Determination of fame must be based on knowledge of mark in relevant public sector, including knowledge obtained as a result of promotion of the mark
- Must be protected regardless of registration status
- Trademark owner granted exclusive right to prohibit:
 - Use of identical or similar signs
 - On identical or similar goods
 - Where use results in likely confusion
- 7 year minimum protection term from date of registration, subject to indefinite renewals
- No compulsory licenses allowed
- Transfer must be allowed without the transfer of trade or business to which mark belong.

Geographical Indications

- Identify a good as originating in a territory, region or locality
- Where a given quality, reputation or other characteristic
- Is “essentially” attributable to its geographical origin
- Cannot be used or registered if misleads the public regarding origin of goods
- Cannot be used or registered in connection with wines or spirits unless goods come from place indicated
- Even if such use is not misleading
- But geographic indication must be protected in country of origin
- Grand fathering of good faith prior users allowed.

D1. Paris Convention Incorporation (Right of Priority)

TRIPS incorporates the minimum substantive standards of the Paris Convention for its required level of protection for trademarks. In Article 2, TRIPS specifically provides that Articles 1 through 12 and Article 19 of the Paris Convention are incorporated by reference. This incorporation by reference consequently requires that domestic law comply with these articles of the Paris Convention in order to be in compliance with TRIPS standards.

With regard to trademark protection, these incorporated articles require trademark owners be granted a right of priority of six months from the date of national filing in which to file trademark applications in member countries and receive an early filing date¹⁰⁷. Any filing which is the “equivalent” to a “regular national filing” under domestic law or under multinational treaties such as the Madrid Union must give rise to this right of priority¹⁰⁸. Under this right of priority, an applicant who files an application for trademark registration and receives a filing date will receive the identical filing date for all subsequently filed applications in member countries which are made within six months of the filing date of the first application. Holidays and weekends are not counted in determining the six month cut off

¹⁰⁷ Paris Convention , Article 4.

¹⁰⁸ Paris Convention , Article 4. The Patent Cooperation Treaty is a multinational treaty administered by WIPO which basically establishes a unitary filing system for the filing of multinational patent applications.

date. Neither is the date of filing.¹⁰⁹ Thus, for example, if a trademark owner files an application to register its trademark Long's Cola in the United States on January 3, 1999, under the Paris Convention so long as he files an application for trademark registration in member countries by no later than January 3, 2000, that application must be treated as if it were filed on January 3, 1999.

¹⁰⁹ Paris Convention , Article 4.

Similar to its treatment of patent rights, the Paris Convention contains no detailed definition of the types of source designators that qualify as a protectable trademark¹¹⁰. It does, however, indicate that among the type of marks to be protected are trademarks, service marks and collective marks. Most of the provisions of the Paris Convention regarding the protection of trademark rights focus on the requirements for granting foreign owners the ability to register and protect their marks. Among the registration standards established under the Paris Convention are the right of member countries to require use prior to registration if they so desire;¹¹¹ the acceptability of concurrent use by co-proprietors of the mark;¹¹² and the independence of trademark registrations so that a failure to register in the country of origin or cancellation of such a registration cannot result in automatic cancellation world-wide.¹¹³

Finally, the Paris Convention requires that countries accept for filing any “duly registered trademark” registered in its country of origin¹¹⁴. To qualify as a “country of origin” the applicant must have a “real and effective industrial or commercial establishment.”¹¹⁵ If no such “establishment exists in the member countries, then the country of origin is where the applicant is domiciled. If no such domicile exists within a member country, then the ‘country of origin’ is where the applicant is a national. Although a country must accept an application

¹¹⁰ Although the Paris Convention provides for the protection of trademarks, service marks and collective marks, it does not define these terms or provide any other list or explanation of the types of industrial property which should qualify as a protected mark. In fact, it does not even use the term “source designator” or “indicator” when referring to such potentially protectable marks.

¹¹¹ Paris Convention , Article 5(5)(C)(1).

¹¹² Paris Convention , Article 5(5)(C)(3).

¹¹³ Paris Convention , Article 5(d).

¹¹⁴ Paris Convention , Article 6 *quinquies* (A)(1).

¹¹⁵ Paris Convention , Article 6 *quinquies*(A)(2)

to register a duly registered mark from another country, it is entitled to conduct its own examination to determine registrability. It may not, however, deny registration to such foreign registered marks except for the following grounds:

- Where the mark is “devoid of any distinctive character.”¹¹⁶
- Where the mark in question infringes the rights of third parties in the country where protection is sought.¹¹⁷
- When such marks are “devoid of any distinctive character” so that they do not serve as a source designator.¹¹⁸
- When they consist “exclusively” of signs or indications which designate that kind, quantity, quality, intended purpose, value place of origin of the goods or the time of production.¹¹⁹

¹¹⁶ Paris Convention , Article 6 *quinquies*(B)(2).

¹¹⁷ Paris Convention , Article 6 *quinquies*(B)(1).

¹¹⁸ Paris Convention , Article 6 *quinquies*(B)(2).

¹¹⁹ Paris Convention , Article 6 *quinquies*(B)(2).

- When the mark has become a customary term in bona fide and established trade practices (often referred to as “generic”);¹²⁰ and
- When they are contrary to public order or morality *and* are of such a nature as to deceive the public.¹²¹

These registration requirements have been incorporated into TRIPS and must be complied with.

D2. The Definition of a Protectable Trademark under TRIPS

Similar to its treatment of patents, TRIPS goes beyond the requirements of the Paris Convention and defines those source designators that must be protected. It requires trademark protection be granted to “[a]ny sign or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings.”¹²² Among the types of “signs” specifically mentioned in the treaty that would qualify for protection are personal names, letters, numerals, figurative elements and combination of colors. Members may also require that signs be “visually perceptible” to qualify for registration¹²³.

Protection of unregistered marks remains subject to the discretion of domestic laws except for famous or well-known marks, which must be protected regardless of whether or not they are registered.¹²⁴ TRIPS permits countries to require registration based on use of the mark, however, no application for registration can be refused on the basis of lack of use until three years after the date of filing of the application. Use may also be required to maintain a trademark registration¹²⁵ but such use cannot be “unjustifiably encumbered by special requirements, such as ... use in a special form.”¹²⁶

¹²⁰ Paris Convention , Article 6 *quinquies*(B)(2).

¹²¹ Paris Convention , Article 6 *quinquies*(B)(3).

¹²² TRIPS, Article 15(1).

¹²³ TRIPS, Article 15(1).

¹²⁴ Paris Convention , Article 6 *bis*.

¹²⁵ TRIPS, Article 19.

¹²⁶ TRIPS, Article 20.

In accordance with the requirements of Article 6^{ter} of the Paris Convention, countries must refuse to register the following:

- Armorial bearing, flags, and other state emblems of both states and international inter-governmental organizations
- Official signs and hallmarks, indicating control and warranty where they are used on similar goods
- Any imitation “from a heraldic point of view.”

D3. The Special Protection for Famous Marks

Article 6*bis* of the Paris Convention requires member countries to provide protection for "well-known" marks, regardless of whether or not such marks are registered, by prohibiting their "reproduction, imitation, or translation" on identical or similar goods where such use is "liable to create confusion."¹²⁷ TRIPS extends such protection to services as well as goods. It further establishes that in deciding whether a mark qualifies as a famous one, members must take account of the "knowledge of the trademark in the relevant sector of the public, including knowledge... which has been obtained as a result of the promotion of the trademark." Furthermore, once a mark is famous, if it has been registered, its owner must be allowed to prohibit the unauthorized use of an identical or imitative sign on *non-similar* goods where such goods or services "would indicate a connection between the goods or services" and the 'interests' of the owner "are likely to be damaged by such use".¹²⁸

D4. Registration and other Special Requirements

TRIPS requires that the initial term of registration be for a minimum term of seven years¹²⁹. Such registration must be renewable indefinitely. As noted above, countries may require use in order to maintain a registration but not for purposes of obtaining a filing date¹³⁰. If such use is required, the registrant must be given at least three years in which to use the mark from the date of application before the registration can be canceled. No cancellation is allowed absent three consecutive years of non-excusable non-use occurs¹³¹. Among the valid reasons for non-use which must be accepted are import restrictions, or other governmental requirements prohibiting the sale of the goods or services on which the mark is to be used, or other circumstances "arising independently of the will" of the trademark owner¹³². Use by a licensee under the owner's control must be considered use by the mark

¹²⁷ Paris Convention , Article 6 *bis*.

¹²⁸ TRIPS, Article 16(3).

¹²⁹ TRIPS, Article 18.(1)

¹³⁰ TRIPS, Article 18(1).

¹³¹ TRIPS, Article 19(1).

¹³² TRIPS, Article 19(1).

owner sufficient to meet registration use requirements.¹³³

D5. The Rights Granted a Trademark Owner

The owner of a registered trademark must be granted the "exclusive right" to prohibit the use by unauthorized third parties of "identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion."¹³⁴

D6. Trademark Infringement under TRIPS

¹³³ TRIPS, Article 18(2).

¹³⁴ TRIPS, Article 16(1).

Similar to the treatment of patents and copyrights, TRIPS does not establish a substantive test for infringement, thus leaving to domestic law determinations regarding what factors should be considered in deciding whether a likelihood of confusion exists between two marks. TRIPS does, however, require that likelihood of confusion must be presumed where an identical mark is used in connection with identical goods or services¹³⁵. TRIPS also requires adequate enforcement of an owner's intellectual property rights (discussed below).

D7. Compulsory Licences under TRIPS

Unlike patents and copyrights, TRIPS prohibits any compulsory licenses of trademarks.¹³⁶ Any "special requirements" such as requiring use with another trademark, or use in a special form are also prohibited. TRIPS, however, does permit countries to impose requirements that the undertaking producing the goods be identified so long as such identification is not required to be linked to the trademark.

It also permits "limited exceptions" to an owner's exclusive rights such as "fair use" provided that such exceptions "take account of the legitimate interests of the owner of the trademark and of third parties."¹³⁷

Trademark owners must have the right to transfer the trademark with or without the transfer of the business to which the trademark belongs.¹³⁸

D8. The Special Problem of Geographical Indications

Geographical indications are defined in TRIPS as "indications which identify a good as originating in the territory of a member, or a region or locality where a given quality, reputation or other characteristic of the good is 'essentially attributable' to its geographical origin."¹³⁹ Examples of marks containing geographic indications would be Waterford Crystal or Russian Caviar. Such indications are subject to special protection under TRIPS. Registration must be refused or canceled if a trademark contains or consists of a

¹³⁵ TRIPS, Article 16(1). This presumption is subject to the right of signatory countries to protect prior user rights in accordance with domestic law. *Id.*

¹³⁶ TRIPS, Article 21.

¹³⁷ TRIPS, Article 17.

¹³⁸ TRIPS, Article 21.

¹³⁹ TRIPS, Article 22(1).

geographical indication for goods that do not originate in that country where such use misleads the public as to the true place of origin of the goods.¹⁴⁰

¹⁴⁰ TRIPS, Article 22(3).

In addition to prohibiting the use or registration of misleading geographical indicators in general, TRIPS specifically prohibits the use or registration of geographical indications in connection with wines and spirits. Geographical indicators for wines and spirits may not be used or registered, unless the goods come from the place indicated, even if the true place of origin is indicated, and even if there is no special relationship between the place of origin and the wine or spirit in question¹⁴¹. Thus, for example, registration must be refused or canceled for the mark California Champagne because champagne is a geographic indicator for a region of France for the spirit in question. It does not matter that consumer would *not* be confused because the mark tells them it is a California wine. The prohibition against geographic indicators for wine and spirits includes using expressions such as “kind,” “type,” “style,” “imitation,” or “like.”¹⁴² Where the geographical indication has become the generic term for the good in the country in question, such indication is excluded from protection¹⁴³. Because of the special nature of geographical indications for wines and spirits, TRIPS allows for Grandfathering of geographic indications which were in use in good faith prior to April 15, 1994 (the date of enactment of TRIPS), or prior to the term’s being protected in its country of origin¹⁴⁴. Under Article 24 of TRIPS countries may establish a statute of limitations of five years after the “adverse use” of the geographic indication for a spirit or wine has “become generally known” or after the date of registration, whichever is earlier, so long as such registration was not made in bad faith.¹⁴⁵

E. Industrial Design Protection under TRIPS

Key Provisions:

- National treatment
- Protection for new or original independently created industrial designs
- Industrial design owners granted the exclusive right to prevent the following unauthorized acts in connection with articles “embodying” or bearing a (substantial) copy of the design:

¹⁴¹ TRIPS, Article 23(1).

¹⁴² TRIPS, Article 22(3).

¹⁴³ TRIPS, Article 24(6).

¹⁴⁴ TRIPS, Article 24(5).

¹⁴⁵ TRIPS, Article 24(7).

Making

Selling

Importing

Must be done for commercial purposes

- 10 year minimum term of protection

TRIPS requires protection for “independently created industrial designs’ that are “new or original.”¹⁴⁶ It does not define these terms, but does provide that countries may decline to protect designs that “do not significantly differ from known designs or combinations of known design features.”¹⁴⁷ Countries may also decline to protect designs that are “dictated essentially by technical or functional considerations.”¹⁴⁸

¹⁴⁶ TRIPS, Article 25.

¹⁴⁷ TRIPS, Article 25(1).

¹⁴⁸ *Id.*

TRIPS requires that the cost of protecting textile designs must not “unreasonably impair the opportunity to seek and obtain such protection.” Countries may protect such textile designs under either industrial design or copyright law.¹⁴⁹

Owners of a protected industrial design must be given the right to prevent unauthorized third parties from “making, selling or importing” for commercial purposes articles “bearing or embodying” a design which is a copy or “substantially a copy” of a protected design¹⁵⁰. Such protection must be available for a minimum period of ten years¹⁵¹.

F. Trade Secret Protection under TRIPS

Key Provisions:

- National treatment
- Protection for undisclosed information
- 3 substantive requirements:
 - Secret
 - Has commercial value due to its secret nature
 - Has been subject to reasonable steps under the circumstances to keep it secret
- Trade secret owner granted exclusive right to prohibit its use or disclosure “contrary to honest commercial practices”
- Undisclosed test or other data for pharmaceutical and agricultural chemical products whose origination involved considerable effort which is submitted to obtain governmental marketing approval must be protected against “unfair commercial use.”

¹⁴⁹ TRIPS, Article 25(2).

¹⁵⁰ TRIPS, Article 26(1).

¹⁵¹ TRIPS, Article 26 (3).

TRIPS requires the protection of "undisclosed information."¹⁵² This international recognition of the right to protect such trade secret information is one of the most significant substantive advances in TRIPS with regard to the categories of intellectual property to be protected internationally. TRIPS builds on the brief mention of "honest practices in industrial or commercial matters" in Article 10 *bis* of the Paris Convention¹⁵³ and explicitly requires the protection against the use of "undisclosed information. . . in a manner contrary to honest commercial practices."¹⁵⁴ Such information must be protected so long as it is "secret,"¹⁵⁵ "has commercial value due to its secret nature"¹⁵⁶ and "has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret."¹⁵⁷ TRIPS defines "secret" as "secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within circles that normally deal with the kind of information in question."¹⁵⁸ TRIPS also requires the protection of undisclosed test or other data whose "origination . . . involves considerable effort"¹⁵⁹ and which is submitted as a condition of approving the marketing of pharmaceutical or agricultural chemical products utilizing "new chemical entities."¹⁶⁰ Such protection is excused where disclosure is "necessary to protect

¹⁵² TRIPS, Article 39.

¹⁵³ Paris Convention , Article 10 *bis*.

¹⁵⁴ TRIPS, Article 39.

¹⁵⁵ TRIPS, Article 39(2)(a).

¹⁵⁶ TRIPS, Article 39(2)(b).

¹⁵⁷ TRIPS, Article 39(2)(c).

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at Art. 39(3).

¹⁶⁰ *Id.*

the public"¹⁶¹ or where "steps are taken to ensure that the data are protected against unfair commercial use."¹⁶²

G. Topographies/Layout Design Protection under TRIPS

Key Provisions:

- National treatment
- Protects layout designs of integrated circuits
- Design owner has the exclusive right to authorize the following with regard to integrated circuits which incorporate a protected design:
 - Importing
 - Selling
 - Otherwise distributing for commercial purposes
- Compulsory licenses narrowly circumscribed
- 10 year protection from date of first commercial exploitation anywhere in the world.

¹⁶¹ *Id.*

¹⁶² *Id.*

Topographies, or the layout designs, of integrated circuits must be protected to comply with TRIPS. Owners of rights in topographies have the exclusive right to authorize the importation, sale or other distribution of such layout designs for commercial purposes, including where such designs are incorporated into an integrated circuit¹⁶³. Compulsory licenses are governed by the same requirements that govern the grant of compulsory licenses for patents¹⁶⁴. Where members require registration for protection of lay-out designs, protection must be granted for 10 years from the date of application or the date of first commercial exploitation anywhere in the world¹⁶⁵. Where no registration is required for protection, the term of protection must be at least 10 years from the date of the first commercial exploitation anywhere in the world¹⁶⁶. Alternatively, countries may provide that protection expires 15 years after the creation of the design.¹⁶⁷

H. Minimum Enforcement Standards under TRIPS

Key Provisions:

- Adopts Rule of Law
- Requires Transparency
- Owners have right to pursue civil relief for infringement
- Protection must be provided in both judicial and administrative proceedings
- Enforcement procedures must permit effective action against IP infringement
- Expeditious remedies which deter further infringement
- Fair and equitable procedures
- No unnecessary cost or delays
- Written and reasoned decisions by impartial judges
- No secret evidence
- Right to judicial review
- Procedural Safeguards
- Protection of confidential information
- Representation by independent legal counsel
- Right to substantiate claims and present all relevant evidence
- No burdensome personal appearance requirements.

Remedies

- Injunctive relief
- Money damages adequate to compensate for the owner's injury
- Seizure and disposal of infringing goods, materials and implements whose predominant use was to create the infringing goods
- Award of costs and "appropriate" attorney's fees
- Compensation to defendant's for abuse of process

¹⁶³ TRIPS, Article 36.

¹⁶⁴ TRIPS, Article 37. *See also* TRIPS, Article 31 for the requirements for compulsory patent licenses.

¹⁶⁵ TRIPS, Article 38(1).

¹⁶⁶ TRIPS, Article 38(2).

¹⁶⁷ TRIPS, Article 38(3).

- Provisional relief to prevent future infringement or preserve evidence
- Required criminal enforcement against copyright piracy and trademark counterfeiting on a commercial scale.
- Remedies include:
 - Imprisonment
 - Monetary fines sufficient to provide a deterrent
 - Seizure
 - Forfeiture
 - Destruction of infringing goods, materials and implements whose predominant use was in the commission of the crime.

I. Border Protection through Customs

Perhaps the most notable advance in protection contained in TRIPS is its establishment of procedural enforcement norms that adherents must include in their domestic laws¹⁶⁸. These norms serve to establish an international standard of enforcement that requires the adoption of the rule of law in enforcing intellectual property rights. Because the standards included in TRIPS are minimum enforcement standards, failure to meet these standards qualifies as a treaty violation. Under TRIPS laws and regulations governing intellectual property protection must be transparent (publicly available)¹⁶⁹. TRIPS further requires that enforcement procedures available under a member's national laws "permit effective action against any act of infringement of intellectual property rights covered by [TRIPS], including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringement."¹⁷⁰ All such procedures must be "fair and equitable"¹⁷¹ and cannot be

¹⁶⁸ This requirement is a substantial advance over the Berne and Paris Conventions, which contained no procedural enforcement norms.

¹⁶⁹ TRIPS, Article 63.

¹⁷⁰ TRIPS, Article . 41(1).

¹⁷¹ TRIPS, Article 41(2).

"unnecessarily complicated or costly"¹⁷² or "entail unreasonable time limits or unwarranted delays."¹⁷³ Decisions on the merits must be made available to the parties "without undue delay"¹⁷⁴ and must be based only on evidence "in respect of which parties were offered the opportunity to be heard."¹⁷⁵ All such decisions must be made by an impartial decision maker¹⁷⁶. Except for acquittals in criminal cases, final administrative decisions and at least the legal aspects "of initial, judicial decisions on the merits of the case" must be subject to judicial review.¹⁷⁷

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ TRIPS, Article 41(3).

¹⁷⁵ *Id.*

¹⁷⁶ Furthermore, abusive acts by government officials and public authorities cannot be excused unless such acts were taken in good faith.

¹⁷⁷ TRIPS, Article 41(4).

TRIPS does not require members to establish a separate judicial system for the enforcement of intellectual property rights. Article 41 of TRIPS specifically provides: "It is understood that this Part [establishing general obligations for enforcement mechanisms for intellectual property rights] does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of laws in general. . ." ¹⁷⁸ TRIPS, however, does require that rights holders be provided civil judicial procedures concerning the enforcement "of any intellectual property right covered by [TRIPS]." ¹⁷⁹ TRIPS also requires that litigants be given certain procedural safeguards including the protection of confidential information, ¹⁸⁰ representation by independent legal counsel, ¹⁸¹ and the right to substantiate. . . claims and to present all relevant evidence." ¹⁸² It also requires timely written notice to the defendant of the claims against him, representation by independent legal counsel and procedures that do not impose "overly burdensome requirements concerning mandatory personal appearances." ¹⁸³ TRIPS also established minimum remedies that must be provided litigants, including the right to injunctive relief, including provisional injunctions, ¹⁸⁴ and to money damages "adequate to compensate for the injury the right holder has suffered. . ." ¹⁸⁵

Judicial authorities must be granted the power to order provisional measures to prevent infringements and to preserve evidence, including ex parte seizures where delay in relief would cause irreparable harm to the right holder or where there is a demonstrable risk of evidence being destroyed ¹⁸⁶. Judicial authorities must also have the power to order the infringer to pay the right holder's expenses, which may include "appropriate attorney's fees." ¹⁸⁷ Countries may also authorize recovery of profits or payment of statutory damages, even in the absence of any reason for the infringer to know he was engaging in infringing activity ¹⁸⁸. TRIPS further requires that judicial authorities be granted the authority to order the disposition of infringing goods "outside the channels of commerce in such a manner as to avoid any harm caused to the right holder," or their destruction "unless contrary to existing constitutional requirements." ¹⁸⁹ Judicial authorities must also have the authority to order the

¹⁷⁸ TRIPS, Article. 41(J).

¹⁷⁹ TRIPS, Article 42.

¹⁸⁰ TRIPS, Article 41(3).

¹⁸¹ TRIPS, Article 42.

¹⁸² TRIPS, Article 42.

¹⁸³ TRIPS, Article 42.

¹⁸⁴ TRIPS, Article 44.

¹⁸⁵ TRIPS, Article 45(1).

¹⁸⁶ TRIPS, Article 50.

¹⁸⁷ TRIPS, Article 45(2).

¹⁸⁸ *Id.*

¹⁸⁹ TRIPS, Article 46.

disposition of “materials and implements “the predominant use” of which was the creation of the infringing goods. Such disposition must be “outside the channels of commerce in a manner so as to minimize risks of further infringement. No compensation to the infringer for disposal of the goods, materials or implements is allowed. TRIPS requires that in regard to counterfeit trademark goods, removal of the trademark alone is *not* sufficient to permit release of the goods into commerce.¹⁹⁰

¹⁹⁰ *Id.*

TRIPS also requires judicial authorities to have the power to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services.¹⁹¹

In addition to protecting a rights holder's rights, TRIPS requires that a defendant's rights be protected. Thus, judicial authorities must have the power to provide "adequate compensation" to a party wrongfully enjoined or whose goods have been wrongfully seized.¹⁹² They must also have the authority to order the applicant to pay the defendant's expenses, including "appropriate attorney's fees."¹⁹³

TRIPS requires the same safeguards for administrative proceedings as for judicial ones involving intellectual property. It also establishes special requirements related to border measures (customs), including the right to obtain suspension of the release of infringing products into the country,¹⁹⁴ and to obtain the seizure and destruction of such infringing goods.¹⁹⁵

In connection with willful trademark counterfeiting and copyright piracy "on a commercial scale," TRIPS also requires members to provide for "criminal procedures and penalties including imprisonment and/or monetary fines...sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of corresponding gravity."¹⁹⁶ Among the additional remedies that must be provided "in appropriate cases" are seizure, forfeiture and destruction of the infringing goods and of any materials and implements "the predominant use' of which has been in the commission of the offense."¹⁹⁷

¹⁹¹ TRIPS, Article 47.

¹⁹² TRIPS, Articles 48 and 50.

¹⁹³ TRIPS, Article 48(1).

¹⁹⁴ TRIPS, Article 51.

¹⁹⁵ TRIPS, Article 59.

¹⁹⁶ TRIPS, Article 61.

¹⁹⁷ *Id.*

SECTION III

Comparison of TRIPS Standards with Dominican Republic Legislation

Since it is critical that the Dominican Republic assure that its laws are in compliance with TRIPS standards, the comparison below will focus solely on deficiencies in present legislation.

A. Dominican Patent Laws

Patent Law No. 4994 does *not*, on its face, comply with TRIPS provisions regarding the protection of patentable inventions.

The definition of a patentable invention under Articles 1 and 2 are far too limited to meet TRIPS requirements that protection be afforded to all qualifying invention in “all fields of technology.” The current statute does not on its face protect inventions in such diverse fields as agricultural products and computer programs. Moreover, it expressly denies protection to “credit or financial plans” without any requirement that such plans fail to qualify as new, useful or non-obvious.

The current statute also contains an impermissible limitation on the patenting of pharmaceutical products by requiring prior approval by the Sanitary Board *before* a patent may be granted. Any such prior approval for patenting of a pharmaceutical product, as opposed to its marketing, clearly violates TRIPS requirement that pharmaceutical patents be denied only on the limited grounds of lack of novelty, lack of usefulness or lack of an inventive step. This problem has been resolved in part through Resolution 2-97, issued jointly by the Secretaries of State of Industry and Commerce, and of Public Health and Social Assistance, which resolves that no such prior approval shall be required for the patent to issue. Such change, however, should be included in enacted legislation to avoid the possibility of its being overturned through later administrative action and placing the Dominican Republic in violation of TRIPS obligations.

Articles 4 and 11 violate TRIPS requirements that patents be granted a minimum period of protection of at least 20 years from the date of application. TRIPS does not permit varying periods of protection based on the payment of fees provided for under Dominican law.

TRIPS does not establish procedures for registration¹. Article 5, however, contains language which may violate TRIPS because it requires a description of the invention “so as to justify application for a patent.” Where such justification requires a greater disclosure than “in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art” it is in violation of TRIPS.

The present law in Articles 12 and 13 on its face limits the right to obtain an improvement patent to patentees or successors. Such limitation is an additional requirement for patentability which is not allowed under TRIPS. Non-patentees under TRIPS may invent improvements to existing patents (so long as such invention does not violate the use rights of the patentee) and obtain patents for such improvements. They may not, however, obtain the right to use the patented improvement in violation of the patentee’s rights.

¹ It is recommended, however, that application procedures should be reviewed at a later date to determine compliance with international patent registration treaties such as the Patent Cooperation Treaty.

Article 17 violates the TRIPS requirement that patents have an independent existence because it bases the duration of a Dominican patent based on a pre-existing foreign patent on the duration of the foreign

patent. Thus, a Dominican patent can apparently be revoked or rendered invalid upon a determination of invalidity in a foreign country. Such revocation is forbidden under TRIPS.

Article 18 regarding the grounds for revocation contains bases which are too broadly worded to be in compliance with TRIPS. First, it permits revocation on the basis that the invention is “known or used,” yet does not explain what qualifies as a use sufficient to invalidate the patent. To the extent that such use covers more than the bases on which “novelty” is decided it is unacceptably broad. Regardless of its meaning, on its face, Article 18 does not take into account use which occurs during the one year priority period granted under the Paris Convention, and is therefore, over-broad. Second, the “public detriment” grounds for voiding a patent in the second paragraph of Article 18 are in violation of TRIPS because they are also over-broad. TRIPS only allows a denial of an otherwise patentable invention if the *commercial exploitation* of the invention must be prohibited to protect public order or morality. The mere fact the Dominican law may prohibit its manufacture or sale is not sufficient.

In addition to these deficiencies, Law No. 4494 does not deal with the issues of Paris Convention priority. It does not grant foreign applicants a priority filing date and does not eliminate from consideration prior art published during this one year priority period.

Article 20 violates TRIPS by permitting forfeiture of a patent for failure to work within a three year consecutive period. No such forfeiture may occur unless a grant of a compulsory license in accordance with the requirements set forth in TRIPS would not have been sufficient to correct the problem. Moreover, the period in which such forfeiture may occur – three years after the patent grant – violates the TRIPS requirement that no such forfeiture occur until the later of four years from the date of filing or three years after the grant. As drafted, a patent issued within a one year period could be canceled less than three years after its application date – in clear violation of TRIPS requirements. Finally, any such revocation decision must be subject to judicial review, which is also lacking in the statute.

The second paragraph of Article 20 similarly violates TRIPS by permitting the revocation of the patent for the importation of patented products by the patentee.

Law No. 4994 similarly violates TRIPS because it does not grant all of the rights a patentee must possess. Under Article 24, only the right to prevent the unauthorized manufacture of patented articles and to prevent the use of patented composition matter is granted. The rights to prevent the unauthorized “making, using, offering for sale, selling or importing” of a patented product and the rights to prevent the use of a patented process, or to prevent the importation of a product manufactured using the patented process are not included. The statute also fails to include any of the presumptions of infringement contained in TRIPS regarding patented processes.

The remedies contained in Law No. 4994 are similarly in violation of TRIPS because they are too few. The statute does not provide any right to civil relief for patent infringement. It also does not provide the right to injunctive relief, seizure and destruction of infringing products and implements, “adequate remuneration” for unauthorized uses, provisional relief, or any of the other required remedies under TRIPS for violation of patent rights.

Since Sanitary approval is required for the distribution of pharmaceuticals, it should be noted that TRIPS requires that any confidential information submitted for such approval, such as for example, information regarding clinical trials, be treated in a confidential manner. The

coordination of information between diverse government agencies mentioned in Paragraph Four of Resolution 2-97 does not mention such confidential procedures. If they are not already in place, they should be enacted to avoid violation of TRIPS obligations.

B. Dominican Copyright Law

Copyright Law 32-86 largely complies with TRIPS obligations. Copyright Law 32-86 establishes terms of protection which are inconsistent with TRIPS obligations. Article 22 violates the life of author plus 50 years minimum term by limiting protection for periodicals to 50 years after publication. Similarly, Article 23 terminates copyright protection upon the death of the author's successor, which death may occur before the end of the required 50-year term of protection. Article 25 only provides a 50-year term of protection for collective works, regardless of whether the author is a natural person who should receive a life plus 50 term of protection. Article 26 in turn only gives a 10-year term of protection for photographs (as opposed to the required 25-year term under TRIPS), while Article 27 only protects cinematographic works for 30 years. Finally, Article 49 provides copyright protection for letters only until the death of the last heir. This provision violates TRIPS where the heirs die before the end of the 50-year term after the author's death.

Copyright Law 32-86 also grants ownership rights to entities other than the author in violation of TRIPS requirements. Article 6 gives copyright ownership to the publisher of collective works. Articles 11 and 24 give authorship status to publishers where the work is pseudonymous or anonymous and the author has not disclosed his identity.

Article 21 violates the independent existence requirements of TRIPS by impermissibly limiting protection for foreign works to the term of protection in the country of origin.

Article 30 in essence grants a compulsory license to authors who include a substantial portion of another author's work in their own. Although it provides for compensation for such use, it is doubtful that this type of license would survive the strict test under TRIPS, particularly since such use, without more, would appear to violate the right to normal exploitation of the work.

Article 54 violates the no formality requirement of TRIPS by requiring notice on photographic works for protection to attach.

Finally, Article 174 violates TRIPS by failing to provide for civil seizure and destruction of materials used in the creation of the infringing goods.

C. Dominican Trademark Law

Trademark Law No.1450 does not on its face comply with TRIPS obligations. Trademark Law No. 1450 does not protect all types of marks that must be protected under trademark laws to be in compliance with TRIPS. It does not protect on its face service marks, color marks, nor even all "signs which are capable of distinguishing one enterprise from another." To the contrary, on its face, Article 2 requires protection for "forms of special distinctive marks." The term "special distinctive marks" remains undefined under the statute. However the Intellectual Property Legal Guide published by the State Secretariat of Industry and Commerce indicates that something more than distinctiveness is required to qualify for trademark protection. Instead, the mark must also "allow the consumer to relate a specific product to the manufacturer."² To the extent that this is considered an additional

² Intellectual Property Legal Guide at 4.

requirement beyond the ability to distinguish one good from another, it is in violation of TRIPS.

Law No.1450 further violates TRIPS because it does not prevent the registration of geographic indicators for wines and spirits or misleading geographic indications. Instead, it goes too far by preventing the registration of any geographic mark, regardless of whether or not it is distinctive or misleading. TRIPS does not require the registration or protection of distinctive geographic marks which are misleading (for example using the mark “Russian caviar” when the product is not from Russia, a geographic location known for its caviar). It does, however, require that otherwise distinctive, non-misleading marks be registrable. Law No.1450 also precludes registration of colors, even where such colors are distinctive.

Like its treatment of patents, TRIPS does not establish registration procedures for registering trademarks. It does, however, require that a six-month priority right be granted trademark applications based on foreign applications. Law No.1450 does not contain any provisions recognizing this priority right. Any right of the Trademark Office to refuse registration to a similar mark filed within this priority period (such as appears in Article 10) is in violation of TRIPS.

Finally, TRIPS requires that registrations be published either before registration or “promptly” thereafter. Article 6 which allows publication only on request of the applicant is in violation of this requirement.

Law No.1540 also fails to provide a trademark owner with all of the rights required under TRIPS. Although on its face it guarantees a mark owner the “exclusive use” of its mark, Articles 16 and 17, which detail what qualifies as an infringement under the Act, do not provide protection against the unauthorized use of a similar mark on similar goods, as required under TRIPS. Instead, all of the described infringing uses appear to involve the use of an identical or confusingly similar mark on identical goods or services. Such protection is too narrow under TRIPS³. Law No.1540 similarly lacks the evidentiary presumptions of TRIPS regarding the impact of use of an identical mark on identical goods. In fact, Article 16 requires evidence of lack of proof of origin where one is offering for sale “articles having an imitated mark.” To the extent that such “imitated mark” is identical to the actual mark, no such additional evidence can be required under TRIPS. Finally, famous marks must be protected even where the mark is used on non similar goods where such use indicates a connection between the goods and the famous mark owner’s interest is “likely to be damaged.” No such provisions currently exist under Law No.1540.

One of the most significant failures of Law No.1540 is the failure to provide adequate protection for famous marks. The statute only provides protection for registered marks. Yet TRIPS requires that famous marks be protected regardless of whether or not they are registered. Furthermore, such protection must be extended to service marks as well as trademarks.

³ It is assumed that the expression “creating an error in the public” which appears in Article 16 is the legal equivalent of causing a likelihood of confusion and does not require additional proof of confusion regarding the owner of the mark. To the extent this assumption is incorrect, Article 16 violates TRIPS.

Law No.1450 also violates TRIPS by failing to grant trademark owners a sufficient period of time in which to challenge the registration of a conflicting mark. The statute does not allow for opposition proceedings⁴. Such proceedings are not required under TRIPS. However, a “reasonable opportunity” to cancel a registration must be granted. Article 9 only provides a three year period from the date of registration in which to seek to cancel a registration. On its face this period is too short because marks which conflict with famous marks must be subject to cancellation for at least five years after registration. Furthermore, since TRIPS requires that where use is required for registration (as it is under Dominican law) no registration can be canceled before three uninterrupted years of non-use without acceptable justifications,⁵ no trademark owner could challenge a failure to use a mark before the time period for cancellation expires, even if such mark were never used. Such limited time periods are not saved by the provision of unlimited periods for cancellation in the face of bad faith provided under Article 9, because cancellations of marks that conflict with a famous mark are not limited to bad faith registrations⁶.

Article 14 violates TRIPS because it allows for a differential period of registration depending upon the period requested and the fees paid. This time period currently varies from 5 to 20 years. TRIPS requires a minimum registration period of seven years registration, with a right for unlimited renewals for succeeding minimum seven year terms (provided all other continued use, distinctiveness, etc. requirements are met).

The transfer and assignment rights provided trademark owners under Law No.1540 also violate TRIPS because Article 15 requires the transfer of the business in connection with any assignment.

The remedies contained in Law No.1540 are similarly in violation of TRIPS because they are too few. The statute does not provide any right to civil relief for trademark infringement. It also does not provide the right to injunctive relief, seizure and destruction of the infringing goods and implements, “adequate remuneration” for the unauthorized use, provisional relief, or any of the other required remedies under TRIPS for violation of trademark rights. Moreover, its seizure provision are in direct violation of TRIPS requirements since they only permit destruction of goods which are “noxious to public health” and do not address the seizure of the implements used in creating the infringing goods. The statute also does not make clear that the infringer is entitled to no compensation for the disposal of the infringing goods. It similarly provides no right of compensation to the defendant for the wrongful seizure of the goods.

The penalties provided for criminal trademark infringement meet TRIPS requirements because they do not provide for seizure and destruction of materials and implements used predominantly in the commission of the offense. Law No.1540 also does not permit the destruction of other than noxious goods, in violation of TRIPS.

⁴ Although the Intellectual Property Legal Guide indicates that such proceedings are permitted under a resolution issued by the State Secretariat of Industry and Commerce in 1993, these rights should be clarified in any subsequently enacted proceedings to assure that they are not altered.

⁵ For this reason Article 13 also violates TRIPS because it permits cancellation after only one year of non-use.

⁶ Article 10 which provides for administrative cancellation of marks registered by mistake where a conflicting mark has been previously registered is similarly unduly narrow, since cancellation is only required where the subsequent mark has been in use for no more than one-quarter of the time of the previously used mark. It presents the same problem for famous marks as Article 9.

SECTION IV

Analysis of the Código de Ordenamiento del Mercado

The Proposed Código entered into Congress in October 1998 corrects some of the violations of current Dominican intellectual property law, but still contains significant violations of TRIPS obligations in connection with the protection and enforcement of intellectual property rights. Among the more problematic areas are the lack of coverage for certain types of intellectual property required under TRIPS, the imposition of compulsory licenses in violation of TRIPS requirements, the lack of adequate enforcement mechanisms, including the absence of deterrent remedies, and the absence of an opportunity for rights holders to respond to actions for nullity of their rights. This section will review the Código in the same subject order as the review of Dominican intellectual property law, and will similarly focus on TRIPS deficiencies.

A. Patent Protection

Article 309 violates TRIPS because its use of the phrase “toda idea” does not stress that inventions in all fields of technology (including pharmacology) are protected under TRIPS. This lack of emphasis is particularly troublesome in view of Article 312 which fails to include pharmacology in its definition of “industrial application.”

Article 310.1 violates TRIPS because it excludes from patent protection categories of inventions that cannot be properly excluded from protection. Specifically, 310.1(c) excludes business and economic plans, 310.1(e) excludes computer programs, 310.1(g) excludes all living materials and appears to exclude non-biological methods and processes connected with such materials, 310.1(h) excludes combinations of existing materials from patentability, and 310.1(i) excludes distinct uses of previously patented inventions. None of these categories are among the permissible exceptions to patent protection under TRIPS. To the extent that such inventions are novel, non-obvious and useful, they may not be excluded from protection under TRIPS, regardless of their category or type of invention.

Article 310.2(b) precludes inventions “contrary to ... the environment.” Only inventions whose exploitation would cause “serious prejudice to the environment” may be excepted from protection under TRIPS.

Article 319.1 violates TRIPS because it permits someone other than the inventor to apply for a patent. Under TRIPS the inventor has the right to be named as the inventor in the patent. This provision as drafted appears to violate this requirement.

Article 328 is the first instance in which utility models are mentioned. Simply for the sake of clarification, it might be advisable to reference Article 357, which sets out more completely the treatment to be afforded utility models under the Code.

Article 338(d) adopts a standard of international exhaustion of patent rights. International exhaustion is not required under TRIPS. To the contrary, TRIPS leaves the general determination of the application of exhaustion doctrines to each country. The exhaustion set forth in Article 338(d) is greater than is generally understood by the doctrine since it permits exhaustion to occur even where the product has been produced abroad under a compulsory license. Since Article 338(d) includes the right to import patented products it may violate Article 28 of TRIPS which grants the patentee the right to control the importation of patented products. Finally, it has been suggested that international exhaustion may harm local

development since it eliminates the desire or necessity for local manufacture.

Article 338(g) grants third parties the right to use patented inventions to the extent necessary to obtain marketing approval and to market the product after the patent has expired. It should be clarified that any such marketing approval must similarly be directed toward approval for marketing the product *after* the expiration of such patent. Any use prior to such expiration would qualify as an unlawful compulsory license. Moreover, this article should not be construed to allow third parties to utilize the patentee's confidential information submitted for its own approval, in violation of Article 39 of TRIPS.

The Code establishes numerous types of compulsory licenses, many of which violate TRIPS compulsory licensing provisions under Article 31. In particular it should be emphasized that compulsory licensing is considered a limited option, subject to stringent conditions under Article 31, including, the right to judicial review of any determination affecting the grant of such licenses. In many instances these limitations are lacking or are not clearly stated in the present Code.

Article 339 in essence grants a compulsory license because it allows a party who in good faith has made serious efforts to produce a patented product prior to its application date to continue to use the patented invention. Such continued rights are not recognized under TRIPS for patents. Consequently, any continued use must be considered a compulsory license. Article 339 does not meet the compulsory licensing requirements of Article 31 of TRIPS, including the duty of prior negotiation with the patent owner) and is therefore in violation of its provisions.

Articles 342.6 and 342.7 allow forfeiture of a patent without the provision of judicial review in clear violation of TRIPS Article 31.

Article 348.1 establishes a 180 day time period for establishing a license to exploit a patent. This time period violates TRIPS because 180 days is not a "commercially reasonable time" under Article 31.

Article 348.2 may similarly violate TRIPS. To the extent that the industry royalty rates are agreed upon by the industry or the government, and do not reflect royalty rates based on arms length negotiations between independent parties, such terms do not qualify as "commercially reasonable" terms under Article 31.

Article 347 violates TRIPS because it appears to require local working of the patent. Under Article 28 of TRIPS the patent owner is granted the right to import patented products. Thus, TRIPS anticipates that the local market may be supplied through the patent owner's importation of protected products. Article 347 appears to reject this right.

Article 348 on its face appears to permit compulsory licenses any time a contract for exploitation of the patent is not agreed upon between parties. Although compulsory licenses may be granted after efforts to obtain a license have failed, failure alone to obtain a license is *not* sufficient to warrant the grant of a compulsory license under Article 31 of TRIPS. To the contrary, such license must also be required due to specialized circumstances, such as to supply the domestic market where imports by the patent owner are not sufficient. To the extent that Article 348 permits compulsory licenses whenever parties have failed to reach agreement, it is in violation of TRIPS requirements.

Article 349.1 violates TRIPS because it permits the grant of a compulsory license for the failure to work a patent if the patent is not worked for one year. This violates the requirement of a four year non-working period which is implicit in the TRIPS requirement that no license for failure to work may be granted until at least four years after the grant of the patent in

question.

Article 349.2 violates the compulsory licensing procedures established under Article 31 of TRIPS, including the requirement of prior negotiation for a commercially reasonable time because it contains no such requirements.

Article 350.2 similarly violates TRIPS compulsory licensing requirements because it requires a compulsory license where another offer to sell a patented product at a lower price than that offered by the patentee. Such lower prices do not qualify as evidence of anti-competitive conduct because they are not recognized as such under TRIPS. (Moreover, such lower prices do not necessarily demonstrate anti-competitive intent because a pirate can always produce the patented product at a lower cost since he has not incurred the necessary research and development costs.) In the absence of a national emergency, no such compulsory license can be granted under TRIPS.

Article 352.1(c) may also be inconsistent with TRIPS requirements for the compulsory licensing of dependent patents, to the extent that the terms “components” and “processes” are read broadly to permit the licensing of improvement and other dependent patents. To the extent that the terms are read so broadly, Article 31 of TRIPS requires that no such dependent patent be subject to a compulsory license unless they represent an important technological advance.

Article 352.1(f) similarly violates compulsory licensing requirements under TRIPS because it does not limit the use of products of compulsory licenses granted for a failure to work a patent or under a public interest license to supply of the domestic market.

Similarly, Article 354 allows compulsory licenses “for reasons based on the public interest.” This language is over-broad. The only “public interest” grounds on which a compulsory license may be granted under Article 31 are “for national emergencies or national security.” To the extent “public interest” is broader than these terms, it violates TRIPS.

The protection of utility models under the Code violates TRIPS requirements for patent protection because its language suggests that certain inventions qualify for a lower standard of protection simply because they are mechanical patents. As noted earlier, TRIPS requires patent protection be extended to all fields of technology including mechanical inventions. Since the Code requires the identical standards for protection for utility patents as for utility models, the same periods of protection must be granted, and the same rights must be granted. A lesser standard of protection for so called “utility models” are only allowed under TRIPS where a lesser standard of inventiveness is required. Such lesser step assures that the only inventions subject to protection under utility models are inventions that would not otherwise have qualified for patent protection. Consequently, Article 357, *et seq.* are in violation of TRIPS to the extent they grant a lesser scope of protection than that provided for patents.

The Code’s protection of industrial design similarly presents problems. Article 375 violates TRIPS because it only provides an initial five-year protection period. TRIPS requires the such designs be protected for a minimum of ten years. Article 376 violates TRIPS because it does not provide notice or an opportunity for judicial review in the event that the design is nullified. Finally, Article 377 violates TRIPS to the extent it incorporates problematic articles from previous sections, including for example Articles 338 and 339 and is subject to the same criticisms listed above.

B. Copyright Protection

Article 117 provides that the various formalities required under the Code “do not prejudice the enjoyment or exercise of the rights” granted under the title. However, TRIPS requires that formalities such as notice, registration, and deposit also cannot prejudice the *protection* of those rights. Article 117 does not make it clear that the failure to comply with the various registration, notice and deposit requirements throughout the Code do not adversely affect the rights holder’s ability to protect his copyright from infringement.

Article 120.2 similarly contains a notice provision that requires the publisher to publish the author’s name but does not indicate what effect the absence of such publication would have on the author’s rights. The absence of this publication of the author’s name must be considered a formality under Article 117 and must not adversely affect the copyright owner’s ability to enforce his rights in the works in order to avoid TRIPS violation.

Article 139 violates TRIPS because it requires that authors of collective works be ceded greater patrimonial rights than required to protect their rights. Under TRIPS, the author of a collective work is given a copyright in the selection and arrangement of the collected materials. This copyright does not adversely affect the copyright in the individual collected works. Consequently, any requirement that the publisher/author of a collected work receive patrimonial rights greater than the right to prohibit the collection as a whole from being edited or published violates TRIPS compulsory licensing provisions in Article 13.

Article 133(f) violates TRIPS because it does not provide the required level of protection to data bases and other compilations. Under Article 10 compilations of data must be protected under copyright law which constitute intellectual creations. As the owner of a protected database, the author of such protected work is entitled to the same rights as any other copyright owner, including, without limitation, the right of distribution. Despite these rights, Article 133(f) does not protect the copyright owner’s right to control the distribution (referred to in the statute as “public access”) to a database if it is composed of unprotected works, i.e., facts. Such limitation of rights based on the nature of the materials contained in a protected database is not allowed under TRIPS.

Article 135.1 contains a minor error that should be corrected to assure lack of compliance with TRIPS. Article 135.1 measures the protected term of copyright from the date of death of the author. Under TRIPS such terms must be measured from the end of the calendar year in which the death occurs. Although Article 142 appears to correct this problem, it would be advisable to correct the error on the face of the statute to avoid future problems.

Article 135.2 violates the national treatment requirement of TRIPS. It provides the works of foreign authors may only be protected for the same term of protection as the country of origin. This is a clear violation of TRIPS which requires identical treatment for foreign and national works, regardless of the term of protection in the country of origin.

TheCodigo contains several violations of TRIPS minimum protection term requirements. Article 136 only protects certain periodicals and other periodically published works for a period of 50 years from the date of publication, in violation of the life plus 50 years requirement for works created by natural persons. Similarly, Article 139 only protects collective works and computer programs for 50 years from the date of publication or creation (if unpublished). This period also violates the life plus 50 years minimum term for natural authors under TRIPS.

The Codigo also contains several provisions that act as compulsory licenses in violation of TRIPS limited grant under Article 13. In Article 137, the Code provides that in the absence of heir or assigns, after the death of the author, the work is transferred into the public domain. Since TRIPS provides for an absolute term of 50 years after the death of the author, this provision can only avoid violating TRIPS if the terms “heirs” and “assigns” is broadly interpreted. Limiting the status of heirs to parents, children and their descendants (which is used in Article 164.1) is too narrow and would convert this article in a grant of a compulsory license. Since the loss of all rights, without compensation, is a violation of the normal exploitation rights of a copyright owner, it violates Article 13 of TRIPS.

Article 164.1 presents a similar problem since it limits the protection of copyright in private correspondence to the author’s life unless there are heirs to exercise rights for a 50 year term after the author’s death. The article further limits the term of protection by defining “heirs” as the author’s spouse, children and descendants, and his parents. It does not provide for continuation of protection through the assignment of copyright during this 50 year term. These limitations are in violation of the life plus 50 years term of protection for works under TRIPS.

Article 145.2 also grants a compulsory license in violation of Article 13. Although a limited right of quotation is in keeping with TRIPS, Article 145.2 grants a compulsory license when the quotation “constitutes the principal part of the new work.” If such quotations constitute the principle part of the work, then they are in violation of the copyright owner’s right to authorize the reproduction of his work. The payment of equitable compensation does not resolve the problem.

Article 151 similarly violates TRIPS because it grants a compulsory license which does not meet TRIPS standards. Although the personal use of a single copy for research may be permissible under certain circumstances, the provisions of Article 151 literally allow the copying of a work for personal use, with no provision that the copy be made from a lawfully acquired copy or that there be any other restrictions on such “personal use.” Consequently, anyone who wants to read a novel at home could conceivably make a copy of the work under this exception. Such widespread reproduction is clearly contrary to the normal exploitation rights of the copyright owner, and would not be saved from violating TRIPS even if some form of compensation were provided to the copyright owner.

Article 152 is similarly too broadly worded to fall within the scope of permissible exceptions under Article 13 of TRIPS. As written Article 152 allows libraries to make copies for their own collections without compensation to the copyright owner. Such reproduction rights are plainly in violation of the copyright owner’s normal exploitation rights. The unlimited reproduction right granted libraries to fulfil customer demands is similarly over-broad because it places no restrictions on such rights. A customer could request reproduction of an unlimited number of books, building a personal library without compensation to the copyright owners of these works. Such reproduction would be contrary to the normal exploitation rights of the copyright owner.

Article 159 establishes a compulsory license for foreign translations. Although such right is limited to those in accordance international treaties it should be noted that such translations cannot be made in accordance with the provisions under the UCC. Instead, such licenses must be obtained in accordance with the limited provisions of the Appendix in the Berne Convention, and subject to the further limitations of Article 13. Consequently, any such translation cannot be undertaken until the expiry of 3 years from the date of first publication. Moreover, an attempt must be made to obtain a license from the copyright

owner before any such translation can be authorized. It would be advisable to revise Article 159 to incorporate these requirements.

Article 182 as written appears over-broad because it applies the Code's treatment of audio-visual works to works that "incorporate electronically images that move." This definition may include images that appear on the Internet, such as web frames. Such web frames do not fall within the definition of a cinematographic or audio-visual work under TRIPS, and consequently may not be treated to the shorter protection periods or the legislatively declared ownership rights permitted for such works.

Article 188(c) limits the creation of adaptations of computer programs for the end user's "personal use" but should clarify that such modified programs cannot thereafter be assigned or transferred by the end user to another without the copyright owner's permission.

Articles 225 (works) and 228 (phonograms) contain detailed notice provisions. It should be clarified that the absence of these notices does not affect the rights holder's ability to protect or enforce his rights. Such notice provisions qualify as formalities which cannot be imposed without violating TRIPS.

Article 226.2 grants the editor of a musical work the right to grant performance and other exploitation rights. This grant violates Article 13 because it requires the grant of all normal exploitation rights, without giving the owner the choice to make such a grant.

Article 243 limits public performance rights to "transmissions for telecommunication." This appears unduly narrow unless "telecommunication" includes wireless means of broadcasting since Article 14 of TRIPS requires protection for public performance by wireless means.

Article 247.2 violates the national treatment requirements of TRIPS since it limits the protection of neighboring rights to works by Dominican authors and works first published in the Dominican Republic. The requirements of Article 14 regarding the grant of "neighboring rights" to performers, producers and broadcast organizations are not outside the national treatment requirements of TRIPS.

Article 249(c) violates TRIPS because it does not grant performers the right to control their performance by radio broadcast. Article 255(c) contains a similar limitation by excluding a performer's right to control his public performance where such performance is by radio broadcasting. Since Article 14 requires performers be granted the right to control the public communication by wireless of their performances, these articles violates this right.

Article 258.2 requires remuneration to broadcast organization for the public performances "where an entrance or admission fee is required." This definition does not include performances made to increase the commercial value of a service or broadcast network. Such performance appear to fall within the compulsory license provisions of Article 256 and should similarly include remuneration to the rights holder. Failure to provide such compensation violates TRIPS.

Article 260.2 places into the public domain all foreign works that "are not protected in the Dominican Republic." There should be no such works since foreign works under TRIPS are subject to national treatment.

Although Article 270 provides that the failure to deposit a work (a formality under TRIPS) does not effect the rights of a copyright owner, Article 275 imposes a fine of 10 times the commercial value of the work for a failure to deposit. It would appear that this penalty adversely affects the copyright owner's rights because it could either be used to refuse protection, or to reduce the amount of damages the copyright owner would be due for any infringement of his work.

The monetary fines imposed for copyright infringement under Articles 282 and 283 do not on their face appear to meet the TRIPS requirement that such fines act as a deterrent since they are not tied to the value or amount of harm caused by the infringing act. The requirement that a triple fine in Article 285 be limited to instances where the harm is made it difficult to pursue a livelihood discriminates against successful copyright owners who may

similarly suffer great harm from the unauthorized use of their works.

Article 286.1 violates TRIPS because it allows the infringer to deduct the value of seized items. This is in violation of TRIPS which provides that the infringer may not receive any compensation for his wrongful acts.

Article 292 properly provides for ex parte civil seizure but does not clearly indicate that all infringing works should be seized as opposed to one of each work. The purpose of requiring such seizures under TRIPS is two fold – to protect evidence of the infringement *and* to deter future infringements. Only by seizing all infringing goods can such future infringements be precluded in accordance with TRIPS. Article 293 contains a similar lack of clarity since it provides for the seizure of “all that constitutes a violation.” It should be clear that all infringing materials and not just sufficient copies to prove the infringement should be seized under this article.

C. Trademark Protection

It should be noted that the Code adopts a slightly different definition of “geographic indication” from that required in TRIPS and in reality uses the term “denomination of origin” for what TRIPS refers to as a “geographic indication.” This difference in definitions does not violate TRIPS per se, but could lead to confusion in the future.

The Code fails to protect all categories of protectable marks under TRIPS because it fails to include combinations of visible signs in its definition of a protectable mark under Article 378.

The Code also fails to protect famous marks as completely as required under TRIPS. Article 379.2 does not allow the owner of a mark to challenge the use of a mark unless it is registered. This violates Article 6bis, as incorporated into TRIPS, which requires that the owner of a famous mark be able to challenge the use or registration of its mark regardless of whether its mark is registered.

Article 381.1 prohibits the registration of a denomination of origin that is confusingly similar to a previously registered denomination of origin. It does not, however, prohibit the registration of a mark that is confusingly similar to a previously registered mark. Although this error is later corrected in Article 382, it might be advisable to add a cross reference to avoid future confusion. In addition 381.1(q) requires a one year waiting period before a mark can be used after cancellation or failure to renew, even if the cancellation or failure to renew the registration occurred because the mark conflicted with the rights of a third party. The right to use the mark, except in instances where such use would result in likely confusion with a lawful mark, should be instantaneous.

Article 381.2 appears to indicate that generic terms can be registered upon proof of “acquired distinctiveness.” It would be advisable to amend this section to eliminate the reference to the acquired distinctiveness of a generic term, since by its very nature generic terms cannot acquire distinctiveness.

Article 382(d) protects famous marks but, in violation of TRIPS, does not clarify that registration is not required for a famous mark to be protectable.

Article 397.4 violates TRIPS requirements under Articles 20 and 21 because it links the assignment of a motto with the assignment of a commercial mark. While such assignment might be desirable from a business point of view, TRIPS prohibits any tying requirements

between one mark and another. It also prohibits any requirements that the assignment of a mark require any assignment of the business (or, in this instance, an asset of the business) with which it is associated. Article 419.2 similarly violates TRIPS assignment requirements because it ties the transfer of a certification mark with the transfer of the title owner. Article 400.5 violates TRIPS requirement that a “reasonable opportunity” be granted to petition to cancel a registered mark. A five year term with no right to cancel except in instances of bad faith does not provide adequate protection for famous marks and therefore does not qualify as “reasonable.”

Article 424.2 also denies trademark owners a “reasonable opportunity” to petition the registration of a trade name that is confusingly similar to his mark, because it only grants trade name owners the right to cancel their registrations.

Article 435 permits the registration of denominations of origin by does not permit the challenge of such registrations. Since such denominations of origin could be used to prohibit the use of a selected mark by a party, the absence of a cancellation procedure violates the requirement under TRIPS that parties be given a “reasonable opportunity” to cancel trademark registrations. Article 435 also does not preclude the use or registration (as a trademark) of “geographic indications” as that term is defined in Article 378(h) for wines and spirits. This violates the absolute prohibition (subject to Grand fathering) against the use of such indications in Article 23 of TRIPS.

The monetary fines set forth in Article 450 should be sufficiently high to act as a deterrent in accordance with TRIPS requirements. They should also vary to reflect the gravity of the crime being punished, including the harm to the rights holder.

The enforcement provisions set out in Article 451 violate TRIPS because it requires that criminal actions be initiated by the rights holder and places no duty of enforcement on public law enforcement personnel. This violates the requirement under Article 61 of TRIPS that criminal enforcement be the equivalent of criminal enforcement in other areas of the law that are of a “corresponding gravity.” To the extent that public law enforcement officials may initiate actions in other areas of criminal enforcement, they must be required to do so at least in instances of piracy and counterfeiting.

Article 453.1 requires that trademark licenses be registered before the rights of the licensee can be protected. This violates TRIPS because it establishes an additional requirement for protection of trademarks beyond the mere registration of the mark

Article 454.1 contains a commercialization requirement that is not permitted under TRIPS. Article 454.1 permits a presumption of infringement for a patented process if the *commercialized* product is the same as the product produced by the patent. This requirement is not included in Article 34 of TRIPS and could exclude from the presumption commercialized products that are in a slightly different form.

Article 455.2 establishes a two-year period from the date a mark is first used in the Dominican Republic in which it can be challenged. This period is extremely short and violates the right of trademark owners under TRIPS to have a “reasonable opportunity” to challenge the use of a mark under Article 15. Article 456 similarly establishes a two-year statute of limitations period in which to challenge infringing uses. This period appears extremely short and may place an unreasonable burden on an intellectual property owner, particularly since it does not provide an exception for non-notorious uses, or for uses which are fraudulently concealed from the trademark owner.

The Code does not provide sufficient remedies required under TRIPS. Article 457(C) only allows a seizure of means that have served exclusively to commit the infringement in question. Similarly, Article 458.4(b) permits seizures of “muestras,” as opposed to all infringing goods and materials, and further limits seizures of equipment to those used “exclusively” in producing the infringing goods. Under TRIPS, means which serve “predominantly” to commit the infringement must be seized. Furthermore, TRIPS requires

that more than the “means” of infringement be seized. The goods, labels, and other materials used predominantly in the infringing acts must also be seized under Article 50 of TRIPS.

Article 457(d) further violates TRIPS because it allows for the deduction of the value of the seized items from the amount of damages which must be paid by the infringer. This deduction, in essence, serves as compensation to the infringer for the seizure and violates TRIPS prohibition against any such compensation.

Article 458.2 grants tribunals discretion in ordering seizure of infringing goods, in violation of Article 51 of TRIPS that provisional measures, including the ex parte seizure of infringing goods and materials, be granted intellectual property owners. Article 458.2 also fails to grant tribunals the right to ex parte relief required under Article 51. Article 458.4 similarly fails to include ex parte seizures in its list of available remedies. Finally, Article 458.2 also requires proof of the infringement at a stage in the proceedings where such proof may not be available. Instead, the standard to be applied should be the same as in connection with copyrighted works – where there is the possibility that evidence may be destroyed or hidden, or where there is a reasonable basis to fear that an infringement of the plaintiff’s rights is occurring, seizure should be granted.

Article 458.4 violates TRIPS by allowing continuing use of mark pendente lite upon the payment of an indemnity. Such indemnity violates TRIPS requirement of swift provisional relief to avoid future infringement and qualifies as an impermissible compulsory license of a trademark.

The remedies listed in Article 459 are unduly narrow and violate the requirement under TRIPS that such remedies both deter future infringement and compensate the intellectual property owner for the harm caused. Contrary to Article 459, money damages should be based on a combination of the infringer’s benefit and the intellectual property owner’s harm. In addition, costs and appropriate attorney’s fees should be included to meet TRIPS requirements under Article 45.

D. Trade Secret Protection

Articles 38 and 463 should be revised so that they do not set up a conflict regarding the scope of protection afforded under intellectual property protection under Article 463 and under unfair competition doctrines under Article 38. Specifically, Article 463 limits its protection of trade secret information to that which is subject to a duty of secrecy under contractual or labor obligations. It fails to protect such information where the duty arises from other fiduciary relationships or from circumstances that imply that a duty of secrecy has been imposed.

In addition, neither article protects secret information that is disclosed during legal proceedings, in violation of TRIPS requirements under Article 42. Finally, the undisclosed information to be protected under Article 39 of TRIPS is not limited to business secrets. To the contrary, it applies to any secret information that has commercial value because it is secret.

The Code does not protect layout designs for integrated circuits in violation of Articles 35 to 38 of TRIPS.

SECTION V

Observations and Conclusions

Comparison of Observations Regarding the Código by Empresas Farmacéuticas de Investigación y Desarrollo (EFID) and by the Asociación Dominicana de Propiedad Intelectual (ADOPI)

In general ADOPI and EFID propose the same general modifications to the Código. It should be noted that many of these changes concern the procedures for the registration or cancellation of intellectual property. Except for the requirements that such procedures comply with the general enforcement procedures set forth in Articles 41 to 50 of TRIPS, these procedures are not governed per se by TRIPS. Nevertheless, a properly working, fair system of according intellectual property rights in accordance with the minimum substantive requirements of TRIPS is a pre-requisite for TRIPS compliance.

The following articles propose virtually identical revisions: Article 329.2; 331.3; 335; 338(g); 342.6; 342.7; 347; 348.1; 350.2; 356.1; 356.2; 378; 379.2; 381.1(q); 451.1
These revisions do not appear to violate TRIPS requirements.

In the following articles the proposals appear contradictory:

Article 310.1(l) – Although both parties agree that in certain instances new combinations should be patentable, the proposal by ADOPI includes novelty and non-obviousness as the tests for such patentability (in accordance with TRIPS) while the proposal by EFID appears to incorporate a different standard of patentability (inability to resolve an earlier problem).

Article 338(d) – This article presents the problem of international exhaustion and its impact on domestic patent rights. ADOPI recommends eliminating this provision; EFID recommends revising it to exclude imports. Although the exclusion of imports resolves some of the problems, ADOPI's solution would appear to eliminate them all and would not be in violation of TRIPS.

Article 342- The parties appear to advocate clarifying that issues of nullity can be raised as a defense in all proceedings regarding patents. They also agree that IFORME should have the right to order such declarations on the petition of an interested party. EFID further advocates that forfeiture be removed from Article 342 and remain subject to the requirements of Article 346. It also advocates the inclusion of a language in Article 342 that would subject any determination of nullity to review. ADOPI would leave nullity in Article 452.

Article 343 – The basic disagreement between the parties appears to be the amount of time that the decision maker has to issue his decision on nullity after submission of comments. ADOPI would give allow 10 days; EFID would allow 30 days.

Article 351 – The proposals contain differing language regarding the procedures to be adopted in deciding compulsory licenses. ADOPI would eliminate the 120 day period for decisions on requests for compulsory licensing and would emphasize the right to review of any such decision. EFID would keep the 120 day period. Both advocate greater clarification of the terms of any such compulsory license, including its purpose, period of grant, and remuneration. EFID would further provide that remuneration reasonable terms under which the license would be granted. The clarification of these terms is in keeping with TRIPS.

Article 352.4 – The parties disagree over the procedures to be used in challenging the continuation of a compulsory license. ADOPI would permit such revocation only on the part of the patent owner and would require the Institute to make the decision. It would grant a party 2 years in which to achieve its goals and provides greatly expanded bases on which to terminate a license. EFID would also expand the goals for such termination (with minor modifications in differences) but would require the Dirección General de la Propiedad Industrial to make the decision and would provide for termination at the end of a one year period for failure to achieve the licensed goals.

Article 455 – both parties agree that the remedies provisions need to be redone. ADOPI does not propose required language; the language of EFID does not resolve all of the problems identified above.

Article 450 – both parties agree that the minimum penalties should be tied to minimum salaries to permit a sliding scale of fines over time, but they disagree with regard to whether intent should be included, and if so, what level of intent is required. ADOPI adds a needed amendment to include the unauthorized reproduction of a mark among the acts which violate the Code.

Additionally each party has proposed revisions to various articles which the other has not.

Article 310(g)- EFID proposes the elimination of this article. As noted above, as written the article violates TRIPS because it may be over-broad.

Article 311 – ADOPI proposed clarifying that patents are available in all fields of technology. This proposal does not violate TRIPS.

Article 327.3- EFID proposes revising the review procedures to avoid loss of a filing date for failure to meet certain requirements. This proposal does not violate TRIPS.

Article 329.3 – EFID proposes including the same language in Article 329.2 regarding a duty to file comments. This proposal does not appear to violate TRIPS.

Article 348.2 – EFID proposes eliminating this article and replacing its provisions in other sections. Since none of the provisions are removed, it does not appear to violate TRIPS.

Article 350.1 – ADOPI proposes adding language to clarify that no normal exploitation of the patent can be considered anti-competitive. This language does not violate TRIPS and makes explicit what is implicit in the language of the Code.

Article 352.1(f) – EFID would eliminate the language regarding the right to supply more than the domestic market. This elimination is required under TRIPS.

Article 352(h) – ADOPI advocates requiring proof that an applicant for a compulsory license has the ability to work the invention. This requirement does not violate TRIPS.

Article 352.2 – ADOPI would give a licensee one year in which to begin to exploit a patent under a compulsory license. The current statute gives a licensee a two year period.

Article 355.2 – EFID would eliminate this article to eliminate the ability to supply goods to other than the domestic market. This elimination is required under TRIPS.

Article 353.4 – EFID would narrow the grant of a dependent patent to allow only the patent owner to solicit such patent. This provision resolves some, but not all of the problems with the dependent patent provisions of the Code.

Article 376.3 and .4 – EFID would revise the provisions on industrial designs to include its concerns over procedures for nullity and the right to judicial review. These procedures resolve some of the problems in the Code.

Article 378(k) – ADOPI would add a definition for “lema comercial” which does not violate TRIPS.

Article 398.2 - ADOPI would eliminate the provision as redundant.

Article 4743 – ADOPI would eliminate this provision as being contrary to Article 558.

The remaining proposals deal with the composition of the relevant organizations and are beyond the scope of this review.