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### **THE WTO'S APPLICATION OF 'THE CUSTOMARY RULES OF INTERPRETATION OF PUBLIC INTERNATIONAL LAW' TO INTELLECTUAL PROPERTY**

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# The WTO's Application of 'the Customary Rules of Interpretation of Public International Law' to Intellectual Property

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*Abstract: The WTO Dispute Settlement Understanding requires that agreements be interpreted in accordance with the customary rules of interpretation of public international law. To this end Panels and the Appellate Body have applied the Vienna Convention on the Law of Treaties, yet they have not fully applied its principles of interpretation to the TRIPS Agreement. Those principles include that the intentions of the parties are revealed through the ordinary meaning of the terms of the treaty, in their context, and in light of its object and purpose. This article assesses the interpretation methods used in connection with the Agreement, and concludes that if the full ambit of those methods, particularly an analysis of the TRIPS Agreement's*

*object and purpose, were utilized in disputes, the intentions of the parties would be more apparent in the reports. The competing objectives of intellectual property protection and the growth of free trade ought to be more readily apparent in the dispute settlement process. The preamble and objectives of the TRIPS Agreement gives neither of those objectives higher status, making TRIPS Agreement interpretation different from GATT. The article additionally analyzes the TRIPS' Agreement interpretative relationship with other intellectual property treaties and free trade agreements.*

## I. INTRODUCTION

Since the World Trade Organization (WTO) dispute settlement system began hearing disputes under the WTO agreements, Panels and the Appellate Body<sup>1</sup> have utilized the Vienna Convention on the Law of Treaties (Vienna Convention).<sup>2</sup> This use of the Vienna Convention arises from the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) requirement that the WTO agreements are interpreted 'in accordance with customary rules of interpretation of public international law'.<sup>3</sup> At international law the Vienna Conventions rules of interpretation are accepted as embodying customary international law.<sup>4</sup>

In disputes over the Trade Related Intellectual Property Rights Agreement (TRIPS Agreement)<sup>5</sup> the discussion of the Vienna Convention, in the reports of panels and the Appellate Body, is limited in its scope and in some instances raises more questions about the interpretation of the TRIPS Agreement than it answers. This article analyzes some of the issues that treaty interpretation raises in connection with the TRIPS Agreement.

As an agreement of minimum standards the TRIPS Agreement gives rise to a number of different types of interpretation issues. Much of the writing about interpretation of the TRIPS Agreement is focused on the substantive detail of the scope of the intellectual property rights, in particular, the interpretation of specific provisions. That sort of interpretation calls for an expert understanding of intellectual property law. A complete understanding of the manner in which copyright can be used to protect computer software or that pharmaceuticals can be patented are but two examples within the so-called 'experts' field. The TRIPS

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<sup>1</sup> The WTO agreements include the Understanding on Rules and Procedures Governing the Settlement of Disputes, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization [hereinafter WTO Agreement] Annex 2 [hereinafter DSU], WTO, THE LEGAL TEXTS: THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS, 354 (1994) [hereinafter WTO: THE LEGAL TEXTS]. The DSU established panels and a standing Appellate Body.

<sup>2</sup> Vienna Convention of the Law of Treaties, May 23, 1969, A/CONF.39/11/Add.2; 115 U.N.T.S. 331 (1980) [hereinafter Vienna Convention].

<sup>3</sup> DSU, *supra* note 1, art. 3.2. For a general discussion of the role of public international law in the WTO see Joost Pauwelyn, *The Role of Public International Law in the WTO: How Far Can We Go?*, 95 A.J.I.L. 535 (2001).

<sup>4</sup> WTO Appellate Body Report, *United States – Standards for Reformulated and Conventional Gasoline*, WT/DS2/AB/R (May 20, 1996) ¶ 16.

<sup>5</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15 1994, WTO Agreement, Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND vol. 31, 33 I.L.M. 81 (1994) [hereinafter TRIPS Agreement], WTO: THE LEGAL TEXTS, *supra* note 1, at 321.

Agreement also incorporates trade concepts such as national treatment and most-favored nation<sup>6</sup>, the latter of which has not previously been part of international intellectual property regimes.<sup>7</sup> The TRIPS Agreement also utilizes concepts of ‘reasonable’ and ‘normal’ which have no intrinsic meaning, and embodies concepts outside of the immediate reach of intellectual property law, such as references to morality and to environmental and public health concerns.<sup>8</sup> The nexus between these areas of law and intellectual property has received increased attention over the last few years.<sup>9</sup> This article addresses how those concepts ought to be interpreted in the context of the TRIPS Agreement.

Treaty interpretation is both a powerful and a limited tool. It is powerful because an interpretation method can be used to reach a result that favors one disputant over another. It is limited because it is only a tool of interpretation and as such is merely a road map to an existing network of obligations. Interpretation cannot be used to create new obligations or to resolve a true conflict of treaty norms by choosing one norm over another. Interpretation can only be used to establish whether the treaty itself prefers one norm over another: in other words whether the parties have in fact agreed that one norm prevails over another and demonstrated this intention in the words of the treaty.<sup>10</sup>

To put the TRIPS Agreement interpretation issues in context, Part II of the article outlines the relationship between trade and intellectual property, and summarizes the history and coverage of the TRIPS Agreement. Part III gives an overview of TRIPS Agreement disputes and treaty interpretation issues. The overview outlines the relevant principles of treaty interpretation, particularly Article 31 of the Vienna Convention, and the interpretation of those principles to date in TRIPS Agreement reports. While panels and the Appellate Body have invoked the Vienna Convention, its application has not been utilized to the fullest possible extent, resulting in panels and the Appellate Body failing to analyze the object and purpose of the TRIPS Agreement. Emerging from Part III are a number of treaty interpretation issues that are discussed in the following parts. Part IV analyses the object and purpose of the TRIPS Agreement. I argue that an approach consistent with the Vienna Convention allows for the object and purpose of the TRIPS Agreement to be interpreted in a manner that reflects the balance of interests set out in the wording of the TRIPS Agreement and in the nature of intellectual property rights themselves. Part V considers the interpretative relationship that the TRIPS Agreement has with the intellectual property law treaties it incorporates, and particularly, how those treaties also embody the balance that intellectual property rights ought to reflect between owners and others. Part VI examines the interpretation relationship between the TRIPS Agreement and intellectual property treaties it does not incorporate, including free trade agreements (FTAs). Part VII assesses the TRIPS Agreement’s relationship with other rules of public international law, in particular those developed in connection with the General Agreement on Tariffs and Trade (GATT) 1947 and

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<sup>6</sup> TRIPS Agreement, arts. 3-4.

<sup>7</sup> Existing international intellectual property agreements (discussed below) utilize the principle of national treatment.

<sup>8</sup> *See, e.g.*, TRIPS Agreement, art. 27(2).

<sup>9</sup> There is a growing body of literature on matters such as the TRIPS Agreement and pharmaceuticals, *see, e.g.*, Gregory Shaffer, *Recognizing the Public Goods in WTO Dispute Settlement: Who Participates? Who Decides? The Case of TRIPS and Pharmaceutical Patent Protection*, 7(2) J.I.E.L. at 459 (2004); Carmen Otero Garcia-Castriellon, *An Approach to the WTO Ministerial Declaration on the TRIPS Agreement and Public Health*, 5(1) J.I.E.L. at 212. (2002).

<sup>10</sup> For a general discussion the conflict of norms in public international law and the WTO *see* JOOST PAUWELYN, *CONFLICT OF NORMS IN PUBLIC INTERNATIONAL LAW: HOW WTO LAW RELATES TO OTHER RULES OF INTERNATIONAL LAW* (2003) [hereinafter PAUWELYN]. For a summary of the link between public international law and copyright law *see* Ruth Okediji, *TRIPS Dispute Settlement and the Sources of (International) Copyright Law*, 49 Copyright Soc’y USA 585, 600-07 (2001).

1994.<sup>11</sup> In this Part I analyze the application of treaty interpretation methods developed in the GATT context, with a focus on the reports in *Shrimp-Turtle*<sup>12</sup> and *Beef Hormones*<sup>13</sup>, and their applicability to intellectual property disputes. Those decisions arguably show that in the environmental context the balance of interests has swung in favor of trade.<sup>14</sup> I argue that proper application of the Vienna Convention principles in the TRIPS Agreement context may reveal a different result from that in the GATT cases - first because the TRIPS Agreement has a structure that lends weight to a more even balance of interests in its interpretation, and second, because the 'trade benefit' of lowering tariffs in the GATT context is not the same 'good' in the intellectual property context. Finally I offer some concluding thoughts.

## II. THE TRIPS AGREEMENT

### A. The TRIPS Agreement and International Trade

The TRIPS Agreement is an integral part of the law of the World Trade Organization (WTO). It stands alongside GATT and the General Agreement on Trade in Services (GATS)<sup>15</sup> in the WTO covered agreements package.<sup>16</sup> There is much debate over the role of intellectual property in the world trade arena. On the one hand, the developed countries, particularly the United States and the European Union, pushed hard for such an agreement because as the world leaders in production of intellectual property products they had, and continue to have, a comparative advantage to maintain. On the other hand, some developing countries signed the TRIPS Agreement as a necessary part of the WTO package, which promised better access to markets for goods.<sup>17</sup> Some of these benefits have come to fruition, but in some areas most notably access to key markets relating to agriculture and textiles, the benefits are a long time coming. The proposition that protecting intellectual property is important for international trade pre-dates the TRIPS Agreement.<sup>18</sup> However, the creation of the TRIPS Agreement

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<sup>11</sup> General Agreement on Tariffs and Trade, Oct.30, 1947, 61 Stat. A-11, T.I.A.S. 1700, 55 U.N.T.S. 194 [hereinafter GATT], WTO: THE LEGAL TEXTS, *supra* note 1, at 15 and 423.

<sup>12</sup> WTO Appellate Body Report, *United States - Import Prohibition of Certain Shrimp and Shrimp Products* WT/DS58/AB/R (Oct. 12, 1998) [hereinafter *Shrimp Turtle*].

<sup>13</sup> WTO Appellate Body Report, *EC - Measures Concerning Meat and Meat Products* WT/DS-26/AB/R (Jan. 16, 1998) [hereinafter *Beef Hormones*].

<sup>14</sup> For a general discussion on trade and the environment see DANIEL C. ESTY, GREENING THE GATT: TRADE, ENVIRONMENT, AND THE FUTURE (1994). In WTO Appellate Body Report, *European Communities- Measures Affecting Asbestos and Asbestos-Containing Products*, WT/DS135/AB/R (Mar. 12, 2001) [hereinafter *Asbestos*], Canada challenged a French ban on asbestos. The report could be viewed as environmentally friendly because the ban was allowed to stay in place as the Appellate Body found that it was GATT compliant.

<sup>15</sup> General Agreement on Trade in Services, WTO Agreement, Annex 1B [hereinafter GATS], WTO: THE LEGAL TEXTS, *supra* note 1, at 284.

<sup>16</sup> "Covered agreements" refers to those agreement covered by the Formation of the World Trade Organization, see WTO Agreement, WTO: THE LEGAL TEXTS, *supra* note 1.

<sup>17</sup> See Jerome H. Reichman and D. Lange, *Bargaining Around the TRIPS Agreement: The Case for Ongoing Public Private Initiatives to Facilitate World Wide Intellectual Property Transactions*, 9 Duke J. Comp. & Int'l L. 11, 17 (1998), where the authors outline how the TRIPS Agreement is a "non-cooperative game".

<sup>18</sup> See generally DUNCAN MATTHEWS, GLOBALIZING INTELLECTUAL PROPERTY RIGHTS: THE TRIPS AGREEMENT ch. 1 *Origins of the TRIPS Agreement* (2002); MICHAEL TREBILCOCK & ROBERT HOWSE, THE REGULATION OF INTERNATIONAL TRADE 312-20 (2d ed., 2001); MICHAEL BLAKENEY, TRADE RELATED INTELLECTUAL PROPERTY RIGHTS: A CONCISE GUIDE TO THE TRIPS AGREEMENT pt. 1, ch. 1 *Evolution of the TRIPS Agreement* (1996); Jerome H. Reichman, *The TRIPS Component of the GATT's Uruguay Round: Competitive Prospects for Intellectual Property Owners in an Integrated World Market*, 4 Fordham Intell. Prop. Media & Ent. L.J., 171 (1993).

represented a significant leap in international agreements on the relationship between trade and intellectual property.

Despite the growth of intellectual property in international trade it remains a territorial creature, and an owner of an intellectual property right must claim that right on a territory-by-territory basis.<sup>19</sup> An owner can extend its rights from its country of origin across international boundaries in several ways. These modes of extending intellectual property rights internationally fall into two broad categories. The first category is through selling or licensing the intellectual property rights in other territories. The second category is where the owner exports products or services embodying its intellectual property rights to a foreign territory. In both of these categories the rights owner must rely on local intellectual property laws. There are of course many variables on these two categories; an owner could adopt the first method in one territory and the second in another, but the two groupings form the possible ways in which intellectual property rights fall into the channels of international trade. Both methods of protecting intellectual property rights have been features of international intellectual property law in one way or another for some time.

The WTO system linked intimately this international intellectual property structure with trade and the policies and ideologies behind free trade. The prevailing understanding of international trade at the time of the formation of the WTO was based around trade in goods. This was because the main multilateral pre-WTO trade agreement was the GATT 1947 agreement, which was about trade in goods. The bringing together of this regime with intellectual property creates a difficult relationship because the justifications behind national intellectual property laws, particularly the encouragement of creative and innovative works, are not the same as those in the trade arena.

Dreyfuss and Lowenfeld highlight the contradictory aims of trade and intellectual property, and summarize the differences in the two disciplines' approach towards what is 'protectionist' and what is 'pro-competitive'. They state that intellectual property is protectionist but international trade 'disfavors protections'. In relation to 'pro-competitive' the authors state:<sup>20</sup>

'For the intellectual property community, pro-competitive measures are those that promote innovation by maximizing the public's ability to utilize intellectual property products already a part of the storehouse of knowledge. Patents, copyrights, trademarks and trade secrets limit public access. They are, therefore, considered anti-competitive....The TRIPS agreement, intended mainly to promote global competition, treats patents, copyrights, and trade secrets as pro-competitive'.

These fundamentally different starting points to achieving competition can be massaged into reconciliation. Although it can be said that maximizing the public's ability to utilize intellectual property achieves pro-competitiveness – intellectual property protection can also be regarded as pro-competitive because the protection encourages creativity and

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<sup>19</sup> Trademark and patent rights need to be registered in each territory. The European Patent Convention and Community Trade Mark provide the only form of trans-national patent and trademark respectively. There is a system of 'central attack' in international trademark registration under Madrid Protocol procedures that is in effect a kind of trans-national trademark, *see* Madrid Agreement Concerning the International Registration of Marks, (Jun. 28 1989), *at* [http://www.wipo.int/madrid/en/legal\\_texts/trtdocs\\_wo016.html](http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo016.html) (last visited Apr. 29, 2005).

<sup>20</sup> Rochelle Dreyfuss & Andreas Lowenfeld, *Two Achievements of the Uruguay Round: Putting TRIPS and Dispute Settlement Together*, 37 *Va. J. Int'l L.* 275, 280 (1996-1997).

innovation. This is the classic argument in favor of copyright and patent protection.<sup>21</sup> In the case of trademarks, pro-competitiveness is characterized as the lowering of consumer search costs and fostering quality control.<sup>22</sup> The differences between trade in tangibles (goods) and trade in intangibles (intellectual property) underscores these fundamentally different approaches of trade and intellectual property to protection and competition.

The relationship between the intangible and the tangible is nothing new to intellectual property law, but it is an awkward concept in an international trade system that had its origins in trade in tangible goods.<sup>23</sup> In order to consider the impact that this union of opposites has on the interpretation of the TRIPS Agreement it is important to understand how intellectual property law navigates the relationship between the intangible and the tangible.

GATT governs international trade in goods and GATS governs trade in services and there is a basic, but an extremely important, practical link between goods and services and intellectual property. Intangible intellectual property manifests itself on a tangible host and - in the context of international trade - that host becomes one means by which intellectual property travels across borders. In the world trade context that host has, to date, primarily been goods but international trade in services is a growing industry. The other legitimate method that intellectual property travels across borders is through international contractual and licensing arrangements.

Two examples illustrate the relationship between goods and intellectual property. First, a particular cheese product may be produced using patented technology to obtain an exceptional creamy effect. The cheese product is the result of a patented process and as such embodies the patented technology. Second, a compact disc is the physical good for sale that embodies a range of copyright works.<sup>24</sup> The resulting products, cheeses and CDs, may be traded internationally. In the case of the compact disc the intellectual property right is usually copyright and the cheese product is the end result of a patented process - the patent being the relevant intellectual property right. The alternative for the owner of the copyright in the CD or the patented cheese process is to license someone to manufacture and distribute the product in another territory and by that means the physical product does not need to travel. For many readers these fundamentals are nothing new, however, remembering these basics becomes important when considering, as this article does, how to interpret an international intellectual property agreement in a trade context. The relationship between the tangible and the intangible in the WTO is demonstrated in the relationship between GATT and the TRIPS Agreement that is discussed in Part VI below.

In a general sense, it is hardly a novel statement that many goods embody intellectual property rights. In some instances these intellectual property rights will be easier for a third party to infringe than in others. There is nothing particularly difficult in reproducing a compact disc and some patented processes, or products, can easily be copied from the end product. In addition, a patent is public information. The potential threat of a loss of

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<sup>21</sup> For a discussion of the history of and justifications for copyright and patent law *see generally* BRAD SHERMAN AND LIONEL BENTLEY, *THE MAKING OF MODERN INTELLECTUAL PROPERTY LAW: THE BRITISH EXPERIENCE 1760-1911* (1999). The constant debate that surrounds intellectual property law is to achieve that balance between protection and competitiveness.

<sup>22</sup> *See* WILLIAM M. LANDES AND RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 165-68 (2003).

<sup>23</sup> The WTO system is the successor of the GATT 1947, *supra* note 11.

<sup>24</sup> The compact disc may attract sound recording copyright, and it also embodies a musical work and possibly also a separate literary work in the lyrics. There may also be related performer's rights if it is a recording of a performance. The exact categorization may vary between jurisdictions but the principle that one copyright work has underlying copyright works is universal.

comparative advantage in the intellectual property field, as a result of increased trade and a correlative increased infringing opportunities, has been, and is, used to support the argument that protecting intellectual property is important for international trade and the ‘prosperity’ that trade brings. The direct link between intellectual property and the increase in international trade and international intellectual property licensing arrangements thus led developed countries to negotiate the TRIPS Agreement.

The same link between the increase in trade and the growth of intellectual property products and licenses can equally be used to question whether intellectual property protection should be included in an organization designed to enhance free trade.<sup>25</sup> Intellectual property can always be characterized as a barrier to trade because the very existence of an intellectual property right can be used to prevent the import or export of a product.<sup>26</sup> The status of the TRIPS Agreement as a covered agreement in the WTO has the effect of recognizing intellectual property, within certain agreed limits, as an ‘acceptable barrier’.<sup>27</sup> The significance of the trade barriers that intellectual property can create is that over-protecting intellectual property can be an inhibitor to the free flow of technology and the progress of science globally.<sup>28</sup> If in practice real barriers were created, then neither the objectives of intellectual property law nor international trade would be met. Over-protecting intellectual property does not achieve the barrier-lowering objectives of international trade, but in fact inhibits it.<sup>29</sup> The TRIPS Agreement in its preamble makes it clear that it should be read in a way that is consistent with free trade. In fact, any other interpretation would be at odds with the WTO context.<sup>30</sup>

The WTO dispute settlement panels and the Appellate Body have produced a large number of decisions.<sup>31</sup> There is a wealth of discussion over the interpretation of the WTO trade agreements, but few of those decisions relate to the TRIPS Agreement, and of those that do, even fewer have really tackled some important interpretation issues. A feature of the TRIPS Agreement that impacts on its interpretation is that it is an agreement of minimum standards that aims to have a certain level of intellectual property protection across all WTO members. It is a ‘low-level’ harmonization agreement. It provides minimum standards for

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<sup>25</sup> For a discussion of the TRIPS Agreement and trade *see generally*, Gail E. Evans, *Intellectual Property as a Trade Issue – The Making of the Agreement on Trade Related Aspects of Intellectual Property Rights*, 18 *World Competition L. & Econ. Rev.* 137 (1994); Reichman and Lange, *supra* note 17 and R. J. Gutowski, *The Marriage of Intellectual Property and International Trade in the TRIPS Agreement: Strange Bedfellows or a Match Made in Heaven?*, 47 *Buff. L. Rev.* 713 (1999). *See also*, Andrew T. Guzman, *Global Governance and the WTO*, 45 *Harv. Int’l L.J.* 303, 303-04 (2004), where he states that the TRIPS Agreement possibly does not have an important connection to “liberalized trade”.

<sup>26</sup> Intellectual property is a territorial right that can be used as a border control mechanism to stop the import of parallel imports. *E.g.*, art. 28 of the TRIPS Agreement gives a patent holder the exclusive right of importing a patented product. (This is subject to art. 6 of the TRIPS Agreement that makes it clear that the agreement does not govern exhaustion of rights).

<sup>27</sup> The extent to which intellectual property may legitimately coincide with the free movement of goods has been extensively debated within the European Union. A full discussion of that region is not appropriate here, but *see generally* WILLIAM R. CORNISH, *INTELLECTUAL PROPERTY: PATENTS, COPYRIGHT, TRADE MARKS AND ALLIED RIGHTS* 40-50 (4th ed. 1999).

<sup>28</sup> The argument is perhaps akin to that sometimes made in the environmental context, that because increased industry leads to an increase in pollution and other potential environmental hazards therefore trade is bad. “But on the whole these suggestions did not win favor.”, *see* ANDREAS LOWENFELD, *INTERNATIONAL ECONOMIC LAW* 314 (2002).

<sup>29</sup> This is discussed more in Part III, which considers the object and purpose of the TRIPS Agreement.

<sup>30</sup> *See* discussion in Part III, regarding the preamble and its relationship to the object and purpose of the TRIPS Agreement.

<sup>31</sup> Pre-GATT panel decisions are also available.



protection of intellectual property rights, which may be implemented in different ways at the domestic level. It is not an agreement that prescribes the detail of how individual members' legislation should be worded and as such is not the type of international agreement that is capable of being directly incorporated into law.<sup>32</sup> The TRIPS Agreement is a mechanism that obliges member states of the WTO to implement their own intellectual property laws. Those resulting domestic laws are available for individual intellectual property interests to utilize. The TRIPS Agreement status as a minimum standards agreement is fundamental to the approach that should be taken in its interpretation because the possibility of variations in domestic implementation mean that the agreement is structured in a way that allows for national interests to be taken into account, albeit under certain conditions.<sup>33</sup> Importantly, the TRIPS Agreement is not a mechanism for private right owners to directly 'police' intellectual property rights. That being said, the international intellectual property field abounds with examples where private economic interests may have convinced states to bring disputes to the WTO in the name of national economic interest in a particular industry.<sup>34</sup>

This minimum standards, low-level harmonization goal of the TRIPS Agreement makes it immediately different from GATT and GATS, which do not provide minimum legal standards and may be described as more purely about reducing international trade barriers and are sometimes described as 'negative integration' agreements. GATT and GATS, are agreements that are designed to provide a framework to ensure that tariff barriers are minimized, and that non-tariff trade barriers are removed, except in certain agreed exception-based circumstances.<sup>35</sup> Other WTO agreements do involve aspects of harmonization of standards, but in a different way from that of the TRIPS Agreement. The Sanitary and Phytosanitary<sup>36</sup> and Technical Barriers to Trade<sup>37</sup> agreements have an element of harmonization in that they seek to have members comply with the same, or similar, sets of international standards. These agreements are, in contrast to the TRIPS Agreement, an expansion of articles in GATT in specific areas.<sup>38</sup> As such they do not represent an across the board set of minimum standards.

Another difference between GATT and GATS, and the TRIPS Agreement is that the trade benefit of lowering tariffs is a philosophy that is clear in the GATT context. Any reduction in tariffs or other trade barriers is 'good' for international trade. As already stated

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<sup>32</sup> This type of agreement is one that provides an optimum rule. Dreyfuss & Lowenfeld, *supra* note 20, at 305, point out that an agreement of optimum rules forces states to adopt that optimum whether it is right for their economy or not. Some articles in the TRIPS Agreement give a precise form of wording that is replicated in statutes, even though it is not a requirement to so replicate. *E.g.* art. 15, which sets out the protectable subject matter, is in part repeated in § 1 of the Trade Marks Act (1994) (UK) and the § 5 of the Trade Marks Act 2002 (NZ).

<sup>33</sup> See discussion in Part III regarding the balancing of national socio-economic interest in assessing the object and purpose of the TRIPS Agreement.

<sup>34</sup> The European Communities were motivated to bring the challenge to United States copyright law, WTO Panel Report, *United States – s110 (5) Copyright Act of the United States (United States – s110 (5) Copyright Act)*, WT/DS160/R (Jun. 15, 2000) from the "persuasion of the Irish Music Rights Organization", see Graeme Dinwoodie and Rochelle Dreyfuss, *TRIPS and the Dynamics of Intellectual Property Lawmaking*, 36 Case W. Res. J. Int'l. L. 95, 101, n. 15 (2004).

<sup>35</sup> The most obvious example of which are the exceptions contained in GATT, art. XX.

<sup>36</sup> Agreement on Sanitary and Phyto-Sanitary Measures (SPS), Apr. 15, 1994, WTO Agreement, Annex 1A, WTO: THE LEGAL TEXTS, *supra* note 1, at 59.

<sup>37</sup> Agreement on Technical Barriers to Trade (TBT), Apr. 15, 1994, WTO Agreement, Annex 1A, WTO: THE LEGAL TEXTS, *supra* note 1 at 121.

<sup>38</sup> It has also been argued that these sorts of harmonizing agreements lead to disputes because it is too early in the WTO's existence for harmonization to be effective, see Daniel Kalderimis, *Problems of WTO Harmonization and the Virtues of Shields Over Swords*, 13 Minn. J. Global Trade, 305 (2004).

the TRIPS Agreement is not a tariff lowering agreement but a minimum standard of protection. The lowering of barriers in one aspect of international trade does not, of necessity, require a corresponding increase in intellectual property protection. While the limit for lowering barriers might be complete removal, this alone is not a justification that can be used to suggest that the extent of intellectual property protection should be limitless.<sup>39</sup>

## B. Background to the TRIPS Agreement

Whether intellectual property should be incorporated into world trade agreements at all was an issue that arose before the WTO was formed. Members of the GATT 1947, pre-WTO, attempted to have issues relating to international intellectual property discussed in at least two disputes.<sup>40</sup> One of these was a challenge to section 337 of the United States Tariff Act of 1930. The central allegation in that dispute related to the United States International Trade Commission's ability to suspend importation of suspected patent infringing products originating from a foreign source. The complainant alleged that this border control amounted to unacceptable differential treatment between domestic and imported products in breach of GATT's national treatment requirements.<sup>41</sup> The United States unsuccessfully argued that Article XX (d) of GATT gave a defense. That article permitted parties to adopt measures, not inconsistent with GATT, including those that related to the protection of patents. The Panel concluded that section 337 was inconsistent with GATT because 'it accords to imported products challenged as infringing United States patents treatment less favorable than treatment accorded to products of the United States similarly challenged.'<sup>42</sup> The Panel emphasized that to avoid misunderstandings as to the scope and implications of its findings, GATT did not 'put obligations' on the parties regarding the level of protection and enforceability of patents.<sup>43</sup> In effect, this meant that substantive patent law was beyond the reach of GATT. This 'disconnect' between GATT and intellectual property continued for some time.<sup>44</sup>

GATT panels did not have any ability to affect intellectual property laws<sup>45</sup> and there was no effective international enforcement of international intellectual property treaties. The World Intellectual Property Organization (WIPO), formerly the International Bureau, a division of the United Nations, had been the center of international intellectual property

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<sup>39</sup> See Keith E. Maksud and Jerome H. Reichman, *The Globalization of Private Knowledge Goods and the Privatisation of Global Public Goods*, 7 J. Int'l Econ. L. 279, at 312-313, where the authors discuss that a moratorium on stronger intellectual property rights is the best way forward as further harmonization is premature until developing countries are able to adapt to the changes that have already occurred.

<sup>40</sup> See generally MICHAEL BLAKENEY, *TRADE RELATED INTELLECTUAL PROPERTY RIGHTS: A CONCISE GUIDE TO THE TRIPS AGREEMENT* ¶ 1.01 (1996) and DANIEL GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS*, (2d ed., 2003).

<sup>41</sup> *European Community v. United States - section 337 of the Tariff Act 1930*, Nov. 7, 1989, GATT Doc L/6439. Article XX (d) was also invoked in *United States - Import of Certain Automotive Spring Assemblies*, May 26, 1983. L/5333.

<sup>42</sup> *Id.* at ¶ 6.3.

<sup>43</sup> *Id.* at ¶ 6.1.

<sup>44</sup> For a general discussion on the differences between GATT and intellectual property see Wolfgang Fikentscher, *GATT Principles and Intellectual Property Protection*, IIC STUDIES IN INDUSTRIAL PROPERTY AND COPYRIGHT LAW 11, at 101-26 (Friedrich-Karl Beier & Gerhard Scrgicker eds. (1989).

<sup>45</sup> GATT panel decisions were non-binding, unless adopted unanimously by the GATT Council.

regimes since the 19th century.<sup>46</sup> WIPO agreements provided for the possibility that disputes could be brought to the International Court of Justice;<sup>47</sup> however, this never happened. This, it seems, was because recourse to the International Court offered no effective enforcement measures for what are essentially private rights.<sup>48</sup> This effective unenforceability has been described as a ‘crisis’, and commentators regarded it as the downfall of the pre-TRIPS Agreement international system.<sup>49</sup> Despite these problems one ought to be cautious, however, in underestimating the impact that a well-established international intellectual property system had. The cornerstones of the main WIPO agreements are and were national treatment.<sup>50</sup> This meant that an individual could pursue its intellectual property rights in foreign jurisdictions and be treated the same as the nationals of that jurisdiction. With more than a hundred years of practice of national treatment in international intellectual property the TRIPS Agreement inherited a developed international playing field. Although, the TRIPS Agreement ‘improves’ on this field, it utilizes WIPO agreements by direct reference to the relevant articles of the treaties.<sup>51</sup> The two major incorporated treaties are the Paris Agreement for the Protection of Industrial Property (Paris Convention),<sup>52</sup> and the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention).<sup>53</sup>

The inability for intellectual property issues to be enforced at an international level and the increase in trade and international licensing led to increased pressure to include intellectual property in the ongoing GATT negotiations. There were many discussions about the growth of counterfeiting goods. The issue of intellectual property was an important part of the Uruguay Round and it eventually resulted in the TRIPS Agreement. The development of the TRIPS Agreement from a topic for discussion in the GATT Uruguay Round to a full-blown agreement adopted in Marrakech in April 1994 was perhaps fast.<sup>54</sup> One aspect that affected the way in which it progressed was its perceived technicalities. Discussion groups, although part of the ongoing totality of GATT negotiations, emerged with the label of being ‘intellectual property experts’. Although the negotiations were not as such secret from other GATT members, the nature of intellectual property as a specialized topic requiring special rules and understandings assisted in creating a different type of WTO agreement.<sup>55</sup>

It was unsurprising that the TRIPS Agreement incorporated existing intellectual property agreements as its basis in view of the fact that international intellectual property

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<sup>46</sup> WIPO describes its history at its website at [http://www.wipo.int/about-wipo/en/gib.htm#P29\\_4637](http://www.wipo.int/about-wipo/en/gib.htm#P29_4637) (last visited Apr. 21, 2005).

<sup>47</sup> Berne Convention for the Protection of Literary and Artistic Works, Jul. 24, 1971, (Paris text) [hereinafter Berne Convention] 1161 U.N.T.S. 3, art. 31(3). Paris Convention for the Protection of Industrial Property (Stockholm text 1967) [hereinafter Paris Convention], 828 U.N.T.S. 305, art. 28(1).

<sup>48</sup> For a general discussion of enforcement of judgments of the International Court of Justice see J. COLLIER & V. LOWE, *THE SETTLEMENT OF DISPUTES IN INTERNATIONAL LAW INSTITUTIONS AND PROCEDURES*, 178-179 (1999).

<sup>49</sup> See M Cordray, *GATT v WIPO*, 121, 76 Pat. 2 Trademark Off. Society (1994) and J Felgueroso, *TRIPS and the Dispute Settlement Understanding: The First Six Years*, 30 A.I.P.L.A. Q.J. 165 (2002) who at page 168 uses the heading “The Crisis of the Paris-Berne System”.

<sup>50</sup> Berne Convention, *supra* note 47, art. 5(1) and Paris Convention, *supra* note 47, art. 2.

<sup>51</sup> The TRIPS Agreement also incorporates the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Oct. 26, 1991, [hereinafter Rome Convention], see art. 13, and the Treaty on Intellectual Property in Respect of Integrated Circuits, May 26, 1989, see TRIPS Agreement, art. 35.

<sup>52</sup> Paris Convention, *supra* note 47.

<sup>53</sup> Berne Convention, *supra* note 47.

<sup>54</sup> See SUSAN SELL, *PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY RIGHTS* (2003); Gervais, *supra* note 40, ¶ 1.13-1.32.

<sup>55</sup> The process of the TRIPS Agreement negotiations is well documented and this article does not need to repeat that. See Gervais, *supra* note 40 and Matthews, *supra* note 18.

conventions are not new. However, this reference in one treaty to require compliance with another treaty raises certain interpretation issues. Not least of all because the members of the TRIPS Agreement will not necessarily be the same as the members of those other treaties, and the treaties are instruments administered by separate organizations.<sup>56</sup>

### C. Coverage of the TRIPS Agreement

The TRIPS Agreement commences with a preamble and then the main body starts with general provisions, including most-favored nation (MFN), national treatment, objectives and principles as the first part.<sup>57</sup> This cements the placing of intellectual property in the trade arena. Its function is to draw links between the two areas. It does this through the general means of a preamble that talks of the importance of intellectual property, the importance of trade and the importance of having the WTO play a role in the link between the areas. The preamble sets the scene of 'desiring to reduce distortions and impediments to international trade', and, as discussed above, the preamble is a reminder that protecting intellectual property rights is legitimate, but that protection must not become a barrier to legitimate trade. Right from the outset the apparent conflicts between intellectual property protection and trade are acknowledged. MFN, national treatment and the objectives and principles develop the intellectual property: protection and trade nexus. In a series of statements the objectives and principles combine what are diametrically opposed approaches to intellectual property-protection for those 'with' and transfer to those 'without'. MFN and national treatment are the cornerstones of the agreement. National treatment is the method of non-discrimination between the treaty members that international intellectual property has always utilized – and is also a trade law concept. MFN brings in a new level of the trade language of non-discrimination. National treatment and MFN are an important part of TRIPS Agreement dispute settlement, and therefore a correct interpretation of these concepts in is crucial.<sup>58</sup>

National treatment in connection with intellectual property applies to persons seeking protection. The TRIPS Agreement provides that 'each Member shall accord to the nationals of other members treatment no less favorable'.<sup>59</sup> This is different from GATT national treatment that attaches to products so as not to favor domestic production over imports.<sup>60</sup>

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<sup>56</sup> There is an agreement of co-operation between WTO and WIPO, *see* WTO-WIPO Co-Operation Agreement, Dec. 22, 1995, at <http://www.wipo.org>.

<sup>57</sup> For a general summary of the coverage of the TRIPS Agreement *see* Daniel J. Gervais, *The TRIPS Agreement: Interpretation and Implementation*, 21(3) E.I.P.R. 156 (1999).

<sup>58</sup> Where a party's law is TRIPS Agreement compliant on the face of it a panel ought to defer to national law and the main basis of the dispute should be MFN or national treatment. This is because the WTO cannot make laws where there are gaps. Dreyfuss & Lowenfeld, *supra* note 20, at 304-05, argue that most TRIPS disputes ought to turn on either MFN or national treatment.

<sup>59</sup> The TRIPS Agreement does not have substantive intellectual property rights that members can choose not to apply national treatment to, unlike parts of the agreements it incorporates - in particular the Berne Convention and the Paris Convention. These exceptions to national treatment are arts. 2(7), 6 (2), 7(8), 14 ter, 18 and 30(2) (b) of the Berne Convention, and arts. 15, 16(1)(a)(iv) and (b) of the Rome Convention. The theme that previously agreed exemptions to the Berne and Paris national treatment principles should not be undermined continues so that, in addition, exempted from the application of the MFN rule under art. 4 (b) are:

Any advantage, favor, privilege or immunity accorded by a Member...granted in accordance with the provisions of the Berne Convention (1971) or the Rome Convention authorizing that the treatment accorded be a function not of national treatment but of the treatment accorded in another country.

Another exemption is those advantages and the like deriving from international intellectual property agreements entered into before the WTO agreements TRIPS Agreement, art. 4 (d).

<sup>60</sup> GATT, art. II.

GATS national treatment applies to ‘services and service suppliers’, and in that way is more similar to the TRIPS Agreement.<sup>61</sup> But these differences mean that the nuances of national treatment are very treaty specific. In *European Communities- Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*<sup>62</sup> the Panel assessed the relationship between the TRIPS Agreement and GATT national treatment. The Panel stated:<sup>63</sup>

The interpretation of the ‘no less favorable’ treatment standard under other covered agreements may be relevant in interpreting [national treatment] of the TRIPS agreement, taking account of its context in each agreement including, in particular, any difference arising from its application to like products or like services and service suppliers, rather than to nationals.<sup>64</sup>

In its report the panel went on to analyze the TRIPS Agreement issues separately from the GATT issues.<sup>65</sup> When applying rules of treaty interpretation to understand the national treatment provision of the TRIPS Agreement, the useful context must be the TRIPS Agreement and very little seems directly relevant from the other parts of the WTO agreements, particularly GATT.<sup>66</sup> Therefore any reference to other principles in GATT agreements are in reality of limited application.

In contrast, the MFN provisions are a new concept in international intellectual property. The starting point for interpreting MFN in the TRIPS Agreement must be the immediate context of the agreement. The entire WTO context has a more legitimate role in interpreting MFN in the TRIPS Agreement than it does in interpreting national treatment, because the adoption of MFN in the TRIPS Agreement comes from its place in the WTO.

The function of MFN in relation to intellectual property is conceptually different from that in relation to agreements dealing with the more traditional areas of trade. The simplest operation of MFN is that if a tariff is lowered or removed for one nation then that favorable status must apply to all member nations of GATT. So in effect no one nation is favored over another- all nations are equally favored. In the context of a minimum legal standards agreement, such as the TRIPS Agreement, there is no possibility of a tariff type of privilege and the trade policy behind the TRIPS Agreement is not lowering tariffs. All members of the TRIPS Agreement must provide the same minimum standards of protection. Thus, in the TRIPS Agreement context, MFN requires that if a member provides a higher level of protection than that which the TRIPS Agreement mandates, a possibility that it endorses<sup>67</sup>, then that member must provide that protection to all people from all members who seek protection of its the intellectual property laws.<sup>68</sup>

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<sup>61</sup> GATS, art. XVII.

<sup>62</sup> WTO Panel Report, *European Communities- Protection of Trademarks and Geographical Indications for Agricultural Products and WT/DS174/R* (Mar.15, 2005) *Foodstuffs* [hereinafter *EC- Geographical Indications*].

<sup>63</sup> *Id.* at ¶ 7.135.

<sup>64</sup> The panel footnoted, *ibid.*, at n. 170, that in WTO Appellate Body Report, *United States – Section 211 Omnibus Appropriations Act 1988*, WT/DS176/AB/R (Feb.1, 2002), the European communities alleged that certain provisions of this Act were inconsistent with TRIPS Agreement and with parts of the Paris Convention that are incorporated into the TRIPS Agreement. The European Communities were in part successful. The factual detail is complex and not of great relevance to the theme of this article. The Panel considered that the jurisprudence on art. II.4 of GATT because of its similarity in language, may be useful in interpreting art. 3.1 of the TRIPS Agreement, ¶ 8.129 and Appellate Body Report, ¶ 242.

<sup>65</sup> Panel Report, *EC- Geographical Indications*, *supra* note 62, at ¶ 7.137.

<sup>66</sup> The interpretative relationship between GATT and TRIPS Agreement is discussed in Part VII.

<sup>67</sup> TRIPS Agreement, art. 1.1.

<sup>68</sup> This has particular implications for the interpretation of FTAs, which are discussed in Part VIII.

Any intellectual property that the TRIPS Agreement governs is subject to national treatment and MFN. Areas of intellectual property law outside of the TRIPS Agreement are not so covered and in those situations material reciprocity – i.e. we'll protect your citizens if you protect ours- is possible. This is a function of the ordinary operation of national treatment<sup>69</sup> and the MFN principle does not appear to add anything. It is possible for members to provide lower standards of protection to their own nationals than to foreigners. In that situation MFN operates to ensure the same level of protection between foreigners even though locals have a lesser level of protection. The *EC-Geographical Indications* panel report has confirmed that the major application of MFN is where a country provides lesser treatment to its own nationals. MFN operates to ensure all foreigners are treated equally.<sup>70</sup> The relationship between MFN in the TRIPS Agreement and GATT becomes important in the context of free trade agreements entered into under Article XXIV of GATT. That interpretative relationship is discussed in Part VII.

The setting of minimum standards of protection in relation to specific areas of intellectual property rights is the next part.<sup>71</sup> This is the basis on which members must craft their domestic laws. The TRIPS Agreement also allows for a 'greater level' of protection.<sup>72</sup> In part, this is because some states already provided for a 'TRIPS plus' level of protection, or intended to in the near future, but those same states were unable to negotiate that higher level in the multi-lateral forum. Allowing greater protection also recognizes the desire of some parties to have a greater multi-national level of intellectual property protection. The Berne and Paris Conventions also allow for members to give greater protection than those conventions provide.<sup>73</sup> The basic function of minimum standards is that each member's laws reflect a minimum that is agreed internationally. The ability to provide greater protection is

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<sup>69</sup> TRIPS Agreement, art. 3.2 provides for an exception to this ordinary operation of national treatment in respect of "performers, producers of phonograms and broadcasting organizations, this obligation [national treatment] only applies in respect of the rights covered in respect of the rights provided under this Agreement" - art. 3.2. This exception arises as not all members of the WTO regard these rights as core intellectual property rights. The practical effect is that, in relation to these rights, national treatment only applies to the minimum standard and reciprocity may govern any additional measures.

<sup>70</sup> Panel Report, *EC- Geographical Indications*, *supra* note 62, at ¶ 7.702. An example of a country applying less favorable treatment to its own nationals than it does to foreigners, is the requirement that that use may be enough of a basis for registration of foreign trade marks in the US but not for US based trademarks. I am indebted to Rochelle Dreyfuss for drawing this example to my attention.

<sup>71</sup> The specific areas of intellectual property are expanded under the following headings in Part II of TRIPS Agreement- Standards Concerning the Availability, Scope and Use of Intellectual Property Rights

1. Copyright and Related Rights
2. Trademarks
3. Geographical Indications
4. Industrial Designs
5. Patents
6. Layout-Designs (Topographies) of Integrated Circuits
7. Protection of Undisclosed Information
8. Control of Anti-Competitive Practices in Contractual Licenses

<sup>72</sup> TRIPS Agreement, art. 1.1.

<sup>73</sup> Berne Convention, note 47, art. 5(2) provides that enjoyment of the rights under Berne are independent of the protection in the country where the copyright work originates from and art. 5(3) adds that protection in the country of origin is governed by domestic law. The Paris Convention is not primarily and agreement of minimum standards in the same way as TRIPS and Berne. It also achieves what is known as an international priority period for trademark, patent and design registration.

evidence that the minimum standard of protection is not an international consensus on the appropriate level of intellectual property protection. But, as discussed in this article, the ability to provide greater protection is not necessarily a benefit for international trade.

Following the substantive provisions there are also sections relating to enforcement, disputes, and transitional and institutional arrangements. The enforcement section requires that, in addition to the requirements of minimum standards of protection, there is the ability to enforce those rights within a states civil legal system, including both civil and criminal actions, and, where appropriate, at its borders.<sup>74</sup> The disputes provisions provide the vital link to the DSU.

### III. TRIPS AGREEMENT DISPUTES AND TREATY INTERPRETATION ISSUES

One of the often-stated achievements of the TRIPS Agreement is its enforceability.<sup>75</sup> When the WTO dispute settlement system was formed it was questionable how much the diplomatic function, of the GATT panel system would transfer to the new dispute settlement environment. Subsequently many commentators have focused on how the WTO dispute settlement has become more rule bound and adjudicative in nature and is in reality a 'legal system'.<sup>76</sup> Even if this is so, the WTO dispute settlement process is linked to the diplomatic process, and its reports are stylistically somewhat different from most judgments of courts. In addition, neither panel decisions nor Appellate Body reports are technically binding on future panels or the Appellate Body. Although, as time passes this becomes less of the position in reality and 'there is now a coherent body of WTO procedural and substantive law'.<sup>77</sup> Whatever view is taken of the nature of the dispute settlement process, there is a common set of rules that govern disputes in the form of the DSU. The DSU provides that interpretation of all of the WTO agreements is 'in accordance with customary rules of interpretation of public international law'.<sup>78</sup>

#### A. The Vienna Convention

TRIPS Agreement disputes have begun to consider what 'customary rules of interpretation of public international law', as codified in the Vienna Convention, mean in the intellectual property context. A number of the reports refer to the Vienna Convention and particularly Article 31, which provides under the heading 'General Rule of Interpretation':

'1. A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.

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<sup>74</sup> TRIPS Agreement, arts. 41-64.

<sup>75</sup> In the decade that the TRIPS Agreement has been in force there have been a number of disputes. The most publicized intellectual property dispute relates to the availability of AIDS drugs, particularly in South Africa. However, this dispute was not resolved by the WTO dispute settlement process, but by negotiations, and, no doubt, political pressure. *See generally, supra* note 9. The debate over the availability of affordable pharmaceuticals raises a number of interpretation issues that are discussed in Part V of this article - particularly how sources of international law, other than the TRIPS Agreement, can be used to interpret "public health".

<sup>76</sup> *See* Donald McRae, *What is the Future of WTO Dispute Settlement?* 7 J.I.E.L. 3 (2004).

<sup>77</sup> *Id.* at 5.

<sup>78</sup> DSU, art. 3.2.

2. The context for the purpose of the interpretation of a treaty shall comprise, in addition to the text, including its preamble and annexes:

(a) any agreement relating to the treaty which was made between all the parties in connexion with the conclusion of the treaty;

(b) any instrument which was made by one or more of the parties in connexion with the conclusion of the treaty and accepted by the other parties as an instrument related to the treaty.

3. There shall be taken into account, together with the context:

(a) any subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions;

(b) any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation;

(c) any relevant rules of international law applicable in the relations between the parties.

4. A special meaning shall be given to a term if it is established that the parties so intended.’

This interpretation guidance has the appearance of simplicity.<sup>79</sup> The cornerstone of the Article is part (1): that interpretation must be “in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose”. Article 31 is a ‘logical progression’ rather than a ‘hierarchy of legal norms’.<sup>80</sup> Therefore interpretation begins with the plain meaning in its context. Subsections (2) and (3) merely elucidate what the context is. The object and purpose is that which is found in the wording of the treaty. The WTO has confirmed that it need not apply other rules of international law if applying 31(1) provides the answer.<sup>81</sup> In particular, supplementary material, such as *travaux préparatoires*, is not the first port of call to illuminate the context.<sup>82</sup> A proper approach to interpretation should only consider supplementary material in the circumstances set out in Article 32 of the Vienna Convention, which provides:<sup>83</sup>

Recourse may be had to supplementary means of interpretation, including the preparatory work of the treaty and the circumstances of its conclusion, in order to confirm the meaning resulting from the application of Article 31, or to determine the meaning when the interpretation according to Article 31:

(a) leaves the meaning ambiguous or obscure; or

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<sup>79</sup> For a discussion of art. 31 in general see OPPENHEIM’S INTERNATIONAL LAW 1 (Sir Robert Jennings QC & Sir Arthur Watts QC eds., 9th ed. 1997) ¶¶ 632-33; ANTHONY AUST, MODERN TREATY LAW AND PRACTICE, ch. 13 (2000).

<sup>80</sup> See AUST, *supra* note 79, at 187.

<sup>81</sup> Appellate Body Report, *United States – Standards for Reformulated and Conventional Gasoline*, *supra* note 4.

<sup>82</sup> For a general discussion of art. 32 see OPPENHEIM, *supra* note 79, at 633 and AUST, *supra* note 79, ch. 13.

<sup>83</sup> Appellate Body Report, *United States – Section 211 Omnibus Appropriations Act 1988*, *supra* note 64. Art. 32 of the Vienna Convention was relied on to consider the negotiating history behind the agreements. But there is no substantive discussion of the role of the Vienna Convention, and particularly art. 31, in the Appellate Body Report.



- (b) leads to a result which is manifestly absurd or unreasonable.

The starting point therefore is Article 31(1), which can be broken into several parts:

A treaty shall be interpreted:

- (a) in good faith
- (b) in accordance with the ordinary meaning to be given to the terms of the treaty;
- (c) in their context; and
- (d) in the light of its object and purpose.

Each of these aspects of Article 31 and the manner in which the WTO has interpreted them in the TRIPS Agreement context is discussed in the following sections. Parts (a) and (b) are discussed together as are (c) and (d).

## **B. Article 31: Good Faith in Accordance with the Ordinary Meaning**

The first TRIPS Agreement dispute to consider Article 31 was *India –Patent Protection for Pharmaceutical and Agricultural Chemical Products*.<sup>84</sup> The United States<sup>85</sup> successfully challenged India's patent system before the Panel, and the Appellate Body upheld that Panel's decision. The complaint was that India did not either provide for protection of pharmaceutical and agricultural chemical products or have an adequate mailbox system, as it was required to under the TRIPS Agreement.<sup>86</sup> The mailbox system was to accept patent applications made even though they could not be granted until the appropriate patent regimes had been instituted.<sup>87</sup> India was also challenged for failing to grant exclusive marketing rights for such products.<sup>88</sup> In order to interpret the disputed Articles of the TRIPS Agreement the Panel applied Article 31(1) of the Vienna Convention and found that:<sup>89</sup>

In our view, good faith interpretation requires the protection of legitimate expectations derived from the protection of intellectual property rights provided for in this Agreement.

The Appellate Body corrected what it described as the Panel's 'misunderstanding' of the 'concept of legitimate expectations in the context of the customary rules of interpretation of public international law'.<sup>90</sup> The Appellate Body concluded that when interpreting the TRIPS Agreement, the legitimate expectations of Members and private right holders concerning conditions of competition must always be taken into account. In reaching this conclusion the Appellate Body stated:<sup>91</sup>

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<sup>84</sup> WTO Appellate Body Report, *India - Patent Protection for Pharmaceutical and Agricultural Chemical Products*, WT/DS50/AB/R (Jan. 16, 1998) [hereinafter *India - Patent for Pharmaceuticals*]; WTO Panel Report, *Complaint by United States*, WT/DS50/R (Jan. 16, 1998), as modified by Appellate Body Report, *India - Patent for Pharmaceuticals*.

<sup>85</sup> The EC was a third party to Appellate Body Report, *India-Patent Protection for Pharmaceuticals*, and the EC brought their own proceedings against India on the same facts with the same result, see WTO Panel Report, *India –Patent Protection for Pharmaceutical and Agricultural Chemical Product- Complaint by the European Communities*, WT/DS79/R (Sep. 22, 1998).

<sup>86</sup> This called for interpretation of arts. 27, 70.8 and 70.9 of the TRIPS Agreement.

<sup>87</sup> See TRIPS Agreement, art. 70.8.

<sup>88</sup> See TRIPS Agreement, art. 70.9.

<sup>89</sup> Appellate Body Report, *India Patent Protection for Pharmaceuticals*, *supra* note 84, ¶ 44.

<sup>90</sup> *Id.* at ¶ 45.

<sup>91</sup> *Id.* at ¶ 45. The Appellate Body reaffirmed the rules of interpretation set out in WTO Appellate Body Report, *United States – Standards for Reformulated and Conventional Gasoline*, WT/DS2/AB/R (May 20, 1996), ¶¶ 16-17. At ¶ 47 the Appellate Body refers to art. 3.2 of the

The legitimate expectations of the parties to a treaty are reflected in the language of the treaty itself. The duty of a treaty interpreter is to examine the words of the treaty to determine the intentions of the parties. This should be done in accordance with the principles of treaty interpretation set out in Article 31 of the Vienna Convention. But these principles of interpretation neither require nor condone the imputation into a treaty of words that are not there or the importation into a treaty of concepts that were not intended.

The Panel's observations about the role of Article 31 did not, however, extend to an analysis of the words 'in their context and in the light of its object and purpose' when applied to the TRIPS Agreement. There is reference to object and purpose in connection with the analysis of Article 70.8:<sup>92</sup>

The Panel's interpretation here is consistent also with the object and purpose of the TRIPS Agreement. The Agreement takes into account *inter alia*, 'the need to promote effective and adequate protection of intellectual property rights'.

This is not, however, a detailed discussion considering all aspects of the TRIPS Agreement object and purpose, to find the correct balance. Finding that balance is discussed in more detail in the following section. A correct application of the treaty interpretation principles in Article 31 is to consider the full object and purpose of the treaty. The Vienna Convention's guide to interpretation is that the text is the method by which the treaty makers' intention is to be discerned. This process of discernment of intention must occur in light of the object and purpose of the treaty.<sup>93</sup>

### C. Article 31: Context and in the light of the Object and Purpose

Most obviously, this aspect of Article 31 raises the question of what is the object and purpose of the TRIPS Agreement?<sup>94</sup> An important part of the TRIPS Agreement's setting is that it is part of the WTO. The WTO agreements each govern their own areas of trade, but should not be interpreted to be in conflict with each other. Strictly speaking all of the WTO treaties are interrelated and ought to be interpreted harmoniously.<sup>95</sup> This Part will first examine the object and purpose that can be interpreted from the TRIPS Agreement. Its relationship with aspects of GATT is discussed in part VII.

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DSU, which after reference to customary rules of international law states, 'Recommendations and rulings of the Dispute Settlement Body ("DSB") cannot add to or diminish the rights and obligations provided in the covered agreements'. The same words are repeated in art. 19.2 of the DSU. See also Zhang Naigen, *Dispute Settlement Under the TRIPS Agreement From the Perspective of Treaty Interpretation*, 17 Temp. Int'l. & Comp. L.J. 199, 206-07 (1993).

<sup>92</sup> Appellate Body Report, *India - Patent for Pharmaceuticals*, *supra* note 84, ¶ 57.

<sup>93</sup> Commentators have discussed the different approaches to interpretation and have suggested that the Vienna Convention prefers the textual approach, see COMMENTARY ON THE DRAFT VIENNA CONVENTION, YEARBOOK OF THE INTERNATIONAL LAW COMMISSION V II, 220 (1966) and Michael Lennard, *Navigating by the Stars: Interpreting the WTO Agreements*, 5 J.I.E.L. 17, 19 (2002).

<sup>94</sup> Vienna Convention, art. 31(2) elucidates that the context of a treaty for interpretation purposes includes its preamble and annexes. Parts (2) (a) and (b) then make it clear that the context includes agreements and instruments relating to the treaty. In the context of the TRIPS Agreement this would include understanding on certain articles.

<sup>95</sup> There is a general presumption against conflict of rules of international law, see PAUWELYN, *supra* note 10, at 240-44 and 247.

## D. The Object and Purpose of the TRIPS Agreement

The significance of the objectives and principles to interpretation of was underscored in the WTO's Doha Ministerial Declaration (Doha), which stated:<sup>96</sup>

In applying the customary rules of interpretation of public international law, each provision of the TRIPS Agreement shall be read in the light of the object and purpose of the Agreement as expressed, in particular, in its objectives and principles.

As discussed in the introduction, the object and purpose of the TRIPS Agreement is to bring intellectual property within the ambit of international trade law and policy. That said, it is difficult to frame succinctly what might be loosely called the 'trade goal' in the TRIPS Agreement. The preamble sets out three inter-related aspects as to what might be the trade goal:

1. Desiring to reduce distortions and impediments to international trade.
2. Taking into account the need to promote effective and adequate protection of intellectual property rights; and
3. To ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.

One of the difficulties is that 'desiring to reduce distortions and impediments to international trade' is not necessarily the same object and purpose as 'effective and adequate' intellectual property laws and the rationales of protecting intangible intellectual property rights. The key to balancing these first two goals lies in the third limb. Measures and procedures to enforce intellectual property rights become trade barriers when the intellectual property right becomes so strong that it in fact distorts rather than promotes trade. The 'trade goal' of the TRIPS Agreement cannot be said to be predominantly about protecting intellectual property at the cost of the balance of 1, 2 and 3. This can be contrasted to the trade goal of GATT, which can be succinctly described as pre-dominantly about reducing trade barriers, particularly tariffs. How to achieve the optimal balance in intellectual property protection is a matter of debate, and any state's point of view will, naturally, be linked to their economic position. In particular, whether they are greater users or producers of intellectual property.

If intellectual property law has a role in enhancing economic prosperity, the economic position of the place where the laws are granted ought to determine in the optimum strength of intellectual property laws. Sometimes that balance might be shifted because of economic concerns outside of intellectual property.<sup>97</sup> Many aspects of the minimum standards laid out in the TRIPS Agreement are about balancing rights within intellectual property. An example of this balance is the general requirement to provide for copyright protection, but also to provide for the rights of third parties to use copyright works in certain circumstances.

A justification for a particular sort of intellectual property protection might be to encourage creativity and innovation, but this differs from the overall objective of free trade. The TRIPS Agreement ought not be construed as having abandoned more traditional justifications for intellectual property law, because the treaty reflects the need to balance the rights of both creators and users of intellectual property across international borders. A

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<sup>96</sup> WTO Ministerial Conference, Fourth Session, Doha (Nov. 9-14, 2001), *Declaration on the TRIPS Agreement and Public Health*, WT/MIN(01)/Dec/2, ¶ 5(a).

<sup>97</sup> Indeed, it is arguable that the TRIPS Agreement represents an exchange in order to obtain better market access in other sectors, *see* Reichman and Lange, *supra* note 17.

balance of rights also lies at the core of the justifications behind intellectual property protection in national regimes. The preamble of the TRIPS Agreement explicitly recognizes this, as it states:

*Recognizing* the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives.

Furthermore, the justifications for protection of intellectual property are arguably part of the existing international intellectual property law framework that was drawn into the TRIPS Agreement. Panels and the Appellate Body have used *travaux préparatoires* of the Berne Convention as a tool in the interpretation of the TRIPS Agreement.<sup>98</sup> Those same *travaux* include the justifications for the creation of Berne and Paris and the other treaties incorporated into the TRIPS Agreement. These treaties' objects and purposes include the entire ambit of justifying intellectual property protection in order to encourage the proliferation of creative and innovative practices and products.<sup>99</sup> The relationship between the TRIPS Agreement and the treaties it incorporates is discussed in more detail below in Part V. These apparent differences in the objectives of encouraging trade and protecting intellectual property, while still enabling legitimate access to technology and other benefits of intellectual property, need not necessarily mean that the objectives conflict. The perceived conflict has led some commentators to conclude that the TRIPS Agreement is misplaced with goals that are irreconcilable with free trade.<sup>100</sup> A more constructive approach is interpreting the TRIPS Agreement to utilize the balance that it codifies.

In addition to the preamble, which is relevant to any treaty's object and purpose,<sup>101</sup> the TRIPS Agreement includes articles that are entitled 'Objectives' and 'Principles'. Doha underscores that these articles ought to be used to assess the 'object and purpose' of the treaty. Those articles provide:

#### Article 7 - Objectives

The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

#### Article 8- Principles

1. Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.
2. Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual

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<sup>98</sup> See discussion in Part V.

<sup>99</sup> The Berne Convention is a combination of authors and users rights. The Paris Convention also incorporates a balance of rights. Any intellectual property law embodies this balance, see comments in Dreyfuss & Lowenfeld, *supra* note 20, at 305.

<sup>100</sup> See e.g., Gutowski, *supra* note 25.

<sup>101</sup> See Lennard, *supra* note 93, at 19, n. 44.

property rights by right holders or the resort to practices, which unreasonably restrain trade or adversely affect the international transfer of technology

Using these articles to help interpret the object and purpose is only a starting point. There are inherent difficulties in that the articles seek to capture competing objectives and purposes, and they represent a compromise between the disparate views of those entering the agreement. What amounts to ‘promotion of technological innovation and to the transfer and dissemination of technology’ is, by its nature, open to some debate and the viewpoint of any WTO member is likely to relate to its economic position. Despite these difficulties it seems reasonable to expect that these objectives and principles have a bearing on any interpretation exercise. And that exercise ought, in as far as is possible, to balance those competing interests. An aspect of achieving that balance is where the treaty does not favor one object or purpose over another, interpreters of the treaty should not fill the gap and favor one objective. In such situations the appropriate interpretation may be that, as the treaty does not address the point, deference should be given to the disputed national law, as long as it is otherwise TRIPS Agreement compliant. If there is an international norm such deference may not be appropriate.<sup>102</sup> Deference to national laws cannot be the general rule, but only in those areas where the intentions of the parties was to leave the agreement open-textured to allow national interests.<sup>103</sup> Application of Article 31 of the Vienna Convention supports this approach because of the minimum rather than optimum requirements. Deference to national law does not mean that the laws cannot be examined for TRIPS Agreement compliance. The *United States- section 110(5) of the Copyright Act* report illustrates this.<sup>104</sup> The Panel did not simply defer to national law, but found that one of the particular copyright provisions at issue did not meet the requirements of the 3-step test in Article 13 of the TRIPS Agreement. In reaching this conclusion it could not be said that the Panel added to the minimum standards of the Agreement.

The objectives and principles cannot be used to add to the specific provisions of the agreement. This is because the DSB are not lawmakers and should not do this.<sup>105</sup> In addition, it cannot have been the intention of the drafters to create additional methods of exceptions to minimum standard intellectual property rights outside of those stated expressly in the agreement.

In *Canada –Patent Protection of Pharmaceutical Products*, Canada argued that reading the preamble particularly ‘...to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade’ - determined the object and purpose of the TRIPS Agreement. Canada also submitted that the two exceptions to patent protection at issue were in accordance with the object, as Article 7 makes it clear that intellectual property rights ‘do not exist in a vacuum’.<sup>106</sup> The two disputed exceptions to patent protection were designed to meet Canada’s particular economic

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<sup>102</sup> *Supra* note 20, at 297 and 304-06. The authors conclude that in areas of intellectual property law that are flexible in their nature such as fair use of copyright works, there will be national variations based on cultural and economic requirements. There is no international norm of what amounts to fair use. So deference to national law would be appropriate, “on the theory that lack of consensus is an indication that there is no ‘best rule’ and that different economies and cultures require different rules.”

<sup>103</sup> See Neil Nethanel, *The Next Round: The Impact of the WIPO Copyright Treaty on TRIPS Dispute Settlement*, 37 Va. J. Int’l L. 441, 459 (1997), where he states that in the negotiations a proposal that would have required dispute panels to “generally to defer to ‘reasonable’ national interpretations” was defeated.

<sup>104</sup> Panel Report, *United States – s110 (5) Copyright Act*, *supra* note 34.

<sup>105</sup> DSU, art. 3.2.

<sup>106</sup> WTO Panel Report, *Canada - Patent Protection of Pharmaceutical Products*, WT/DS114/R (Mar. 17, 2000) ¶ 4.13 [hereinafter *Canada- Patent Protection of Pharmaceutical Products*].

concerns, and thus it was hardly surprising that Canada argued in favor of a broad approach to the interpretation of the TRIPS Agreement.<sup>107</sup> The first exception permitted persons other than the patentee to stockpile the patented goods before the expiry of the patent term. The purpose of the stockpiling was so that a non-patentee could have the patented product available for sale the moment the patent expired, rather than the patentee achieving a de facto longer term of protection because competitors would need time to manufacture or otherwise acquire products to enter the market. This was found to violate the TRIPS Agreement because ‘the stockpiling exception ... constitutes a substantial curtailment of the exclusionary rights required to be granted to patent owners under ...TRIPS’.<sup>108</sup> The exception could not be justified under the provisions that allow for limited exceptions, which did not interfere with the normal exploitation of the patent or the legitimate interests of the patentee or third parties.<sup>109</sup>

The same Panel, however, held that Canada’s regulatory review exception was legitimate.<sup>110</sup> This exception enables persons, other than a patentee, to obtain regulatory approval for a product before the term of the patented product has expired. That other product, once the patent had expired, would compete with the patented product. Specifically, the regulatory review exception would enable pharmaceuticals to be approved, by the appropriate body, before the patent term expired so that competing products could be sold as soon as or shortly after the expiry of the patent. The procedures outside of patent law to obtain approval of sales of pharmaceuticals can be lengthy. In contrast to the stockpiling exception, the Panel considered that the regulatory review exception was legitimate because it was a limited exception to the patent protection, which did not interfere with the normal exploitation of the patent or the legitimate interests of the patentee or third parties<sup>111</sup>. Canada also emphasized the socio-economic policies of Article 8 with regard to health and nutrition and argued that these supported a liberal interpretation of permissible exceptions to patent rights.<sup>112</sup> The European Communities argued that resort to the preamble and Articles 7 and 8 in the manner Canada proposed was not appropriate. They argued that the preamble and articles do not provide a method by which the object and purpose of the article at issue should have been interpreted: that is the preamble and Article 7 and 8 were not contextual guidance to the meaning of the 3-step test in Article 30.<sup>113</sup> This argument was questionable as the Vienna Convention makes it clear that the context of the specific provision is to be interpreted with regard to the object and purpose of the treaty. The Panel’s view was that Article 30’s ‘very existence was recognition’ that patent rights need ‘certain adjustments’.<sup>114</sup> This was recognition that carve-outs are permitted, but it qualified this recognition:<sup>115</sup>

On the other hand, the three limiting conditions attached to Article 30 [the carve-out] testify strongly that the negotiators of the Agreement did not intend Article 30 to bring about what would be equivalent to a renegotiation of the basic balance of the agreement.

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<sup>107</sup> The “economic concerns” were not exclusive to Canada and in fact the regulatory review exception (see discussion below) was, was according to the evidence, common in many countries and this commonality supported the conclusion it was TRIPS Agreement compliant.

<sup>108</sup> Panel Report, *Canada –Patent Protection of Pharmaceutical Products*, *supra* note 106, ¶ 7.36.

<sup>109</sup> *Id.* ¶¶ 7.17-7.838 applying TRIPS Agreement, art. 30, to the stockpiling exception.

<sup>110</sup> *Id.* ¶ 7.84.

<sup>111</sup> *Id.* ¶¶ 7.39-7.84, applying TRIPS Agreement, art. 30 to the regulatory review exception.

<sup>112</sup> *Id.* ¶ 7.24. *See also* ¶ 4.37.

<sup>113</sup> *Id.* ¶ 4.30(a)(1).

<sup>114</sup> *Id.* ¶ 7.27.

<sup>115</sup> *Id.* ¶ 7.26.

The Panel concluded that the exact scope of permissible exceptions to patent protection, under Article 30, would depend on ‘the specific meaning given to its limiting conditions’<sup>116</sup>. In other words it called for a case-by-case factual analysis, but the Panel qualified this as follows:<sup>117</sup>

The words of the conditions must be examined with particular care on this point. Both the goals and limitations stated in Articles 7 and 8.1 must obviously be borne in mind when doing so as well as those of other provisions of the TRIPS Agreement which indicate its object and purposes.

Whether or not the Panel actually achieved the balancing act it advocated can be disputed. In particular, one commentator has argued that the Panel ‘conspicuously disregarded’ Articles 7 and 8 and effectively subordinated them to Article 30 of the TRIPS Agreement.<sup>118</sup> The Panel did not directly discuss what the ‘basic balance’ of the agreement was. It applied the 3-step test without direct reference to the object and purpose of the TRIPS Agreement as a whole. It would have been appropriate for a Panel using Article 31 of the Vienna Convention to indicate expressly why the stockpiling exception might have been contrary to the object and purpose, and why the regulatory review exception, which passed the 3-step test, was not as such contrary. The Panel’s failure to integrate the analysis of the 3-step test with the object and purpose of the whole Agreement leaves the reader with the impression that the object and purpose was not fully considered. The Panel’s view that the basic balance of the agreement should not be renegotiated, was correct. To follow the Vienna Convention formula and assess the object and purpose as reflected in the words of the treaty is not a ‘renegotiation of the basic balance’. The interpretation exercise requires that balance to be properly addressed in each case. The Panel report falls short of doing this. The Panel seems to be suggesting that the individual provisions of the TRIPS Agreement reflect the balance and that no other consideration of object and purpose needs to be undertaken. First, that is not what Article 31 of the Vienna Convention suggests is correct treaty interpretation. Second, if the overall object and purpose can be sidelined, then Articles 7 and 8 have no meaning. Such an interpretation of a treaty cannot be correct. The analysis of the stockpiling exception would have been quite different if proper treaty interpretation had been used. The stockpiling exception was found not to comply with Article 30’s 3-step test. Canada submitted that ‘limited’ should be interpreted as ‘confined within definite limits’.<sup>119</sup> The European Communities advanced a more narrow meaning of ‘narrow, small, minor, insignificant or restricted’.<sup>120</sup> In deciding which meaning to adopt, the Panel noted that Article 30 had it ‘antecedents in Article 9(2) of the Berne Convention- although the wording in Berne is “in certain special cases” not “limited exceptions”’. After this comparison the Panel Report then states:

The Panel examined the documented negotiating history of TRIPS Article 30 with respect to the reasons why negotiators may have chosen to use the term ‘limited exceptions’ in place of ‘in special circumstances’.

Article 32 of the Vienna Convention requires that supplementary material such as the ‘documented negotiated history’ is only a second resort after the path of Article 31 has been

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<sup>116</sup> *Id.* ¶ 7.26.

<sup>117</sup> *Id.* ¶ 7.26.

<sup>118</sup> Daya Shanker, *The Vienna Convention on the Law of Treaties, Dispute Settlement System of the WTO and the Doha Declaration on the TRIPS Agreement*, 36 (4) *Jour. of World Trade* 721, 742 (2002).

<sup>119</sup> Panel Report, *Canada –Patent Protection of Pharmaceutical Products*, *supra* note 106, ¶ 7.27 Canada also advocated the meaning ‘restricted in scope, extent and amount’.

<sup>120</sup> *Id.* ¶ 7.28.

followed.<sup>121</sup> Before turning to the negotiating history the Panel should have asked which interpretation of limited exception was in accordance with the object and purpose of the TRIPS Agreement. This might have meant posing difficult questions such as:

Does the wider meaning of ‘limited exception’ contribute to the promotion of technological innovation and the transfer and dissemination of technology?

Does the wider meaning of ‘limited exception’ lead to a fair balance of owners and users rights?

The Panel considered some of the issues of the balance in intellectual property protection in its analysis of parts 2 and 3 of the 3-step test in the analysis of the regulatory review exception. These steps require that the exception not conflict with the normal exploitation of the patent, having regard to the legitimate interests of third parties.<sup>122</sup> The nature of these queries inevitably leads to a discussion of the nature of patent rights and the balance of interests in those rights. The Panel, however, limited its discussion of this balance to the meaning to be attributed to ‘legitimate interest’. It stated:<sup>123</sup>

It is often argued that this exception is based on the notion that a key public policy purpose underlying patent laws is to facilitate the dissemination and advancement of technical knowledge and that allowing the patent owner to prevent experimental use during the term of the patent would frustrate part of the purpose of the requirement that the nature of the invention be disclosed to the public. To the contrary, the argument concludes, under the policy of patent laws, both society and the scientist have a ‘legitimate interest’ in using the patent disclosure to support the advance of science and technology.

Notably, the above analysis refers to ‘the advance of science and technology’. This wording is in Article 7, the objectives of the TRIPS Agreement. But the short discussion of the balance of intellectual property in this regard is isolated to the particulars of ‘legitimate interests’ and not expanded to Article 30 of the TRIPS Agreement as a whole. Worse still, the Panel then stated it:<sup>124</sup>

draws no conclusions about the correctness of any such national exceptions in terms of Article 30 of the TRIPS agreement.

But that is precisely the analysis that the object and purpose of the TRIPS Agreement requires a Panel to do. The failure to apply Article 31 of Vienna Convention interpretation to its fullest extent and then having recourse to Article 32 leaves the Panel decision open to criticism and doubt about the final result.

The WTO also had cause to consider the object and purpose of the TRIPS Agreement in a different dispute involving Canada relating to its term of patent protection.<sup>125</sup> The TRIPS Agreement has a requirement of a 20-year term for patent protection. Canada provided 17 years for patent applications that were filed before 1989. The United States successfully

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<sup>121</sup> It can be used to confirm interpretation based on art. 31 but not instead of art. 31, *see* discussion in Part III above.

<sup>122</sup> Panel Report, *Canada – Patent Protection of Pharmaceutical Products*, *supra* note 106, ¶¶ 7.39-7.84.

<sup>123</sup> *Id.* ¶ 7.69.

<sup>124</sup> *Id.* ¶ 7.69.

<sup>125</sup> WTO Appellate Body, *Canada - Term of Patent Protection*, WT/DS170/AB/R (Sep. 18, 2000) Panel Report WT/DS170/R (May 5, 2000) [hereinafter *Canada- Term of Patent Protection*].



claimed that the 17-year period was a violation of the TRIPS Agreement term requirement. Canada argued that the term of protection requirement of 20 years ought to be read together with Article 62.2, which ‘recognizes the fact that the length of the patent granting process invariably involves some curtailment of the period of protection.’<sup>126</sup> The Appellate Body reaffirmed that Article 31 of Vienna Convention should be used to interpret the TRIPS Agreement<sup>127</sup> and it noted that in order to interpret it harmoniously, the articles of the Agreement must be regarded as distinct and separate. Therefore, the 20-year term requirement needed to be given effect independent of the other articles, particularly Article 62.2.<sup>128</sup> In other words, although interpretation must be in light of the object and purpose of the treaty, the object and purpose is not a tool to muddy the lines between distinct provisions.

### **E. Article 31 (3) (a) and (b): Subsequent Agreements between the Parties and Subsequent Practice**

Article 31(3) of the Vienna Convention expressly recognizes the role of subsequent agreements and practice in the exercise of interpreting a treaty. Subsequent agreements and subsequent practice under Article 31(3) of the Vienna Convention must logically be limited to ‘the specific WTO context’.<sup>129</sup> An example of a subsequent agreement occurred at Doha,<sup>130</sup> where the members of the WTO expressly addressed the concerns that a strict interpretation of Article 31 of the TRIPS Agreement might make medicines unavailable.<sup>131</sup> As a subsequent agreement between the parties regarding the interpretation of the TRIPS Agreement, Doha is a guide to interpretation by virtue of Article 31(3)(a) of the Vienna Convention.

Doha can be construed as emphasizing that protecting intellectual property in a trade context is a balancing act. That said, many aspects of Doha simply repeat parts of the TRIPS Agreement and arguably should not have required the extra force of a ministerial statement. Nonetheless, it was plainly the correct interpretation. The words used in Doha: ‘each member has the right to determine what constitutes a national emergency’, for example, are the plain meaning of Article 31 of the TRIPS, Agreement particularly bearing in mind that it is a minimum standards treaty where each member must enact their own laws. Article 31 provides:

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<sup>126</sup> *Id.* ¶ 96.

<sup>127</sup> *Id.* ¶ 53. The Panel and the Appellate Body also had cause to consider art. 28 of the Vienna Convention, which governs non-retroactivity of treaties, and concluded that unless there is a contrary intention, treaty obligations apply to an ongoing situation, which had commenced prior to the treaty and continue after the treaty is in force. On the facts of the case that meant the 20-year term applied to pre-TRIPS Agreement as well as post-TRIPS Agreement patents. *See* ¶¶ 71-74.

<sup>128</sup> *Id.* ¶ 97 citing the requirement of harmonious interpretation of the covered agreements set out in WTO Appellate Body Report, *Korea- Definitive Safeguard Measure on Imports of Certain Dairy Products*, WT/DS98/AB/R (Jan. 12, 2000) ¶ 81 and WTO Appellate Body Report, *Argentina-Footwear Safeguards* WT/DS12/AB/R (Jan. 12, 2000) ¶ 81.

<sup>129</sup> PAUWELYN, *see supra* note 10, at 252.

<sup>130</sup> The Doha Ministerial Declaration resulted from the round of WTO talks in Doha, Qatar in 2001.

<sup>131</sup> The Ministerial Declaration, *supra* note 96, ¶ 4 stated:

We agree that the TRIPS Agreement does not and should not prevent members from taking measures to protect public health. Accordingly, while reiterating our commitment to the TRIPS Agreement, we affirm that the Agreement can and should be interpreted and implemented in a manner supportive of WTO members’ right to protect public health and, in particular, to promote access to medicines for all.

In this connection, we reaffirm the right of WTO members to use, to the full, the provisions in the TRIPS Agreement, which provide flexibility for this purpose.

This requirement [to negotiate on commercial terms] may be waived by a Member in the case of a national emergency or other circumstances of extreme urgency.

Doha may have rightfully curtailed attempts to suggest meanings other than that each Member may determine what is a 'national emergency', but the idea that the declaration provides any clarity to the already clear words appears to be a politically convenient overstatement that turns a blind eye to the principles of treaty interpretation.

As subsequent agreements and subsequent practice under 31(3) of the Vienna Convention are limited to 'the WTO context', developments in international intellectual property law outside of the WTO may not be brought into an interpretation exercise by that route. The Vienna Convention as a tool is brought into the WTO by virtue of the clause in the DSU that interpretation is in accordance with the customary rules of interpretation of public international law. However, there is another rule of the Vienna Convention that could be used to consider rules of customary international law outside the WTO. This is Article 31(3)(c) which provides that interpretation must take into account, together with the context, 'any relevant rules of international law applicable in the relations between the parties'.

## **F. Article 31 (3)(c) Relevant Rules of International Law**

The DSU requires interpretation to be in accordance with 'customary rules of interpretation of public international law'. The Vienna Convention is a codification of those customary rules and Article 31(3)(c) provides the link to substantive rules of international law.<sup>132</sup>

The use of other rules of international law should not mean that, in treaty interpretation, such rules would necessarily triumph over a clear intention in the primary agreement. Such an approach would not logically accord with the intentions of the treaty parties. In the context, however, of an agreement that specifically draws on other fields of international law to flesh out its objectives and principles, as indeed the TRIPS Agreement does, Article 31(3)(c) may be a tool to ensure that the intention of the parties to draw on those other areas is protected.<sup>133</sup>

WTO panels have not yet fully utilized Article 31(3)(c). In *United States- Section 110(5) Copyright Act* the panel when referring to Article 31, sets out 31(3)(c).<sup>134</sup> The brief mention of Article 31(3)(c) is interesting, but the Panel did not mention it further or appear to rely on it as an interpretative mechanism in any direct way. This is perhaps hardly surprising as it is not a part of the Vienna Convention that has gained much traction until recently in the wider field of international law.<sup>135</sup>

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<sup>132</sup> Rules of international law must be firmly established. It might include "custom, general principles, and, where applicable, other treaties", see Campbell McLachlan, *The Principle of Systemic Integration in Treaty Interpretation and Article 31(3)(c) of the Vienna Convention*, 54 I.C.L.Q. 279, 290 (2005).

<sup>133</sup> See Robert Howse, *The Canadian Generic Medicines Panel: A Dangerous Precedent in Dangerous Times* 3 Jour. World Intell. Prop. 493, 405-405 (2000) where the author suggests that article 31(3)(c) of the Vienna Convention could have been used to interpret the meaning of "public health" in article 8.1 of the TRIPS Agreement.

<sup>134</sup> Panel Report, *United States – s110(5) Copyright Act*, supra note 34, ¶ 6.55.

<sup>135</sup> See generally McLachlan, supra note 132, at 279 and Philippe Sands, *Treaty, Custom and the Cross-fertilization of International Law*, 1 Yale Hum. Rights and Development L.J. 85, at 95 (1998).

Article 31(3)(c) is but one route by which developments outside of the TRIPS Agreement, which may be rules of international law, may be of relevance to the interpretation of the Agreement. The first arises through the way in which the TRIPS Agreement incorporates other intellectual property treaties. Those treaties may be updated independent of the WTO and practice may develop in relation to them subsequent to the TRIPS Agreement. The relationship between the TRIPS Agreement and other international intellectual property treaties it incorporates is discussed in the next part, Part V. Treaties not so incorporated relating to intellectual property or other areas of international law referred to in the TRIPS Agreement, such as environmental and health concerns, are discussed in Parts VI and VII.

## V. THE TRIPS AGREEMENT INTERPRETATIVE RELATIONSHIP WITH THE CONVENTIONS IT INCORPORATES – BERNE AND PARIS

The WTO members decided to incorporate existing WIPO treaties into the TRIPS Agreement in preference to rewriting already well-established principles of intellectual property.<sup>136</sup> The Paris and Berne Conventions are incorporated in the following way:

In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).<sup>137</sup>

Members shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto. However, Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6*bis* of that Convention or of the rights derived therefrom.<sup>138</sup>

Incorporating other treaties brings with it certain issues regarding the scope of what can be used in any interpretation exercise.

*Canada –Patent Protection of Pharmaceutical Products*<sup>139</sup> involved a number of interpretation issues within the TRIPS Agreement itself that gave rise to an analysis of the relationship between it and the Berne Convention. One of these was, the interaction between Article 27's requirement that patent law does not discriminate against fields of technology and the ability to make an exception to patent protection in prescribed circumstances of Article 30.<sup>140</sup> The wording of Article 30 has its origins in the Berne Convention, and therefore the relationship between the Berne Convention and the TRIPS Agreement was an important part of the interpretation exercise. The panel set out the good faith provisions of Article 31(1) of the Vienna Convention and also the reference to subsequent practice in 31(3)(b).<sup>141</sup> The Panel also relied on Article 32 and the relevance of the *travaux préparatoires* as a supplementary means of interpretation. The Panel noted that:<sup>142</sup>

‘...in the framework of the TRIPS Agreement, which incorporates certain provisions of major pre-existing international instruments on intellectual property, the context to which the Panel must have recourse for the purpose of interpretation of specific

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<sup>136</sup> The TRIPS Agreement negotiators neither restated the Berne Convention or Paris Convention, nor did they require WTO members to join those Conventions, see Nethanel, *supra* note 103, at 453.

<sup>137</sup> TRIPS Agreement, art. 2.1.

<sup>138</sup> TRIPS Agreement, art. 9.1.

<sup>139</sup> Panel Report, *Canada –Patent Protection of Pharmaceutical Products*, *supra* note 106.

<sup>140</sup> *Id.*

<sup>141</sup> *Id.* ¶ 7.13.

<sup>142</sup> *Id.* ¶ 7.14.

TRIPS provisions is not restricted to the text, Preamble and Annexes of the TRIPS Agreement itself, but also includes the provisions of international instruments on intellectual property incorporated into the TRIPS agreement as well as any agreement between the parties relating to these agreements.’

In the context of the dispute this meant Article 9(2) of the Berne Convention was ‘an important contextual element’<sup>143</sup> relevant to the interpretation of Article 30 of the TRIPS Agreement because Article 30 adopted the language of Article 9(2) of Berne. The peculiarity was that Article 9(2) of Berne is also part of the TRIPS Agreement. As set out above, the TRIPS Agreement incorporates Articles 1-21 of the Berne Convention. Furthermore, the Berne Convention is a convention in the field of copyright. Article 13 of the TRIPS Agreement adopts the wording of Article 9(2) of the Berne Convention for the copyright carve-outs in the TRIPS Agreement. This wording is also used in Article 30, with some changes,<sup>144</sup> but Article 30 is about exceptions to patent law. It is peculiar to rely extensively on the negotiated history of a copyright treaty to explain the context of a provision concerning the legitimate carve-outs to patent law.<sup>145</sup>

The Panel concluded that the regulatory review exception complied with the first hurdle of Article 30 that the exception be limited. In this context the Panel did not accord any weight to Canada’s arguments that the negotiating history of Article 30 and the subsequent practice of WTO members was within the meaning of Article 31(3)(b) of the Vienna Convention. That article requires interpretation takes into account ‘subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation’.<sup>146</sup> However, when considering the relevance of supplementary material, the Panel concluded that it could look beyond the negotiating history of the TRIPS Agreement to the negotiating history of the incorporated treaties as supplementary means of interpretation.<sup>147</sup> At one level this seems logical because one treaty is incorporated into the other. The reason that supplementary material may be used according to the wording of Article 32 is either to confirm the meaning resulting from the application of Article 31, or to determine the meaning when the interpretation ‘leaves the meaning ambiguous or obscure or leads to a result which is manifestly absurd or unreasonable’. In theory the supplementary material is of a clarifying nature. In respect of the third limb of Article 30- relating to ‘legitimate interest’- the Panel did find that the negotiating history of Berne affirmed its good faith interpretation, but the negotiating history of the TRIPS Agreement did not provide the same confirmation.<sup>148</sup> Recourse to this history as a tool of interpretation might be questionable, even though it was used as a means of affirming a conclusion that may have been reached in any event. This approach is questionable because, in the TRIPS Agreement context, it would seem quite a leap to assume that when negotiating it the parties were all aware of the negotiating history behind the Berne and Paris Conventions, each of which has been revised on a number of occasions.<sup>149</sup> It seems at least arguable that the Conventions were

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<sup>143</sup> *Id.* ¶ 7.14.

<sup>144</sup> Most notably TRIPS Agreement, art. 30 adds the legitimate interests of third parties to the 3-step test.

<sup>145</sup> Panel Report, *Canada – Patent Protection of Pharmaceutical Products*, *supra* note 106, ¶ 7.71 where the panel acknowledges that the Berne Convention is a copyright treaty.

<sup>146</sup> *Id.* ¶ 7.47.

<sup>147</sup> *Id.* ¶ 7.15.

<sup>148</sup> *Id.* ¶ 7.15.

<sup>149</sup> The Berne Convention, *supra* note 47, has had the following history: completed at Paris on May 4, 1896, revised at Berlin on Nov. 13, 1908, completed at Berne on Mar. 20, 1914, revised at Rome on Jun. 2, 1928, revised at Brussels on Jun. 26, 1948, revised at Stockholm on Jul. 14, 1967, revised at Paris on Jul. 24, 1971 and amended on Sep. 28, 1979. The Paris Convention, *supra* note 47, has had the following history: completed Mar. 20, 1883, revised at Brussels on Dec. 14, 1900, revised at Washington on Jun. 2, 1911, revised at The Hague on Nov. 6, 1925, revised at London

incorporated into the TRIPS Agreement without much attention to the details of their negotiating history. In addition, it is peculiar to give apparently greater weight to the incorporated treaties than to the TRIPS Agreement itself.

The Panel resolved that, for the purposes of interpreting Article 30, in the particular case, it did not need to look at normative concepts outside of the TRIPS Agreement.<sup>150</sup> This raises the issue of what interpretative tools would be appropriate if the normative reasoning behind the exception to protection could be characterized as outside of the immediate ambit of the TRIPS Agreement. An example would be an exception based on public health rationales. This possibility is canvassed below.<sup>151</sup>

In *United States- s110 (5) Copyright Act* the European Union successfully challenged the provisions of the United States Copyright Act that allowed certain small businesses to play the television or radio for customers, without payment of royalties to copyright owners or their collecting societies, for the broadcasted material.<sup>152</sup> This dispute required the Panel to analyze whether the exception to copyright, in the United States copyright law complied with Article 13 of the TRIPS Agreement, and in particular with what has become known as the 3-step test against which exceptions to copyright protection must be tested.<sup>153</sup>

In the course of its decision the Panel had regard to the interaction between the TRIPS Agreement and Berne. In particular, the 3-step provision in Article 13 of the TRIPS Agreement that has its origins in Article 9(2) of Berne.<sup>154</sup> The Panel had to assess the relationship between the articles and exactly which one should be used to analyze the specific factual issues before it. The Panel also had to decide if what was known, as the 'minor exceptions' to copyright doctrine was part of the Berne Convention and therefore part of the TRIPS Agreement.<sup>155</sup> The common characteristics of all of these treaty articles are that they all provide an exception to the ambit of copyright protection. Although similar, the application of each provision to the facts had the potential to reach different results.<sup>156</sup> In its consideration of rules of interpretation the Panel referred to the principles of Articles 31(1) and 31(2) of the Vienna Convention.<sup>157</sup> The Panel found that what was known as the minor exceptions doctrine was part of Berne by virtue of an agreement within the meaning of 32(2)(a) of the Vienna Convention<sup>158</sup>. The Panel then 'recalled' the principle that it ought to adopt a meaning that reconciled the two treaties, (Berne Convention and the TRIPS Agreement), rather than created conflict between them.<sup>159</sup>

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on Jun. 2, 1934, revised at Lisbon on Oct. 31, 1958, revised at Stockholm on Jul. 14, 1967, and amended on Sep. 28, 1979.

<sup>150</sup> Panel Report, *Canada –Patent Protection of Pharmaceutical Products*, *supra* note 106, ¶¶ 7.47-7.70.

<sup>151</sup> See discussion in Part VII below.

<sup>152</sup> Panel Report, *United States – s110 (5) Copyright Act*, *supra* note 34.

<sup>153</sup> Art. 13 of the TRIPS Agreement provides: "Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder."

<sup>154</sup> As discussed above, all of art. 9(2) is also included in the TRIPS Agreement by virtue of art. 9.1.

<sup>155</sup> Panel Report, *United States – s110 (5) Copyright Act*, *supra* note 34, ¶¶ 6.56-6.70.

<sup>156</sup> The actual facts are complex and not appropriate to reproduce here; for discussion of the dispute see Joanne Oliver, *Copyright in the WTO: The Panel Decision on the Three-Step Test*, 25 Colum. J.L. & Arts 119 (2002).

<sup>157</sup> Panel Report, *United States – Section 110(5) Copyright Act*, *supra* note 34, ¶¶ 6.43-6.46.

<sup>158</sup> *Id.* ¶. 6.60.

<sup>159</sup> *Id.* ¶ 6.66.

The Panel then turned its attention to Article 31 (3) of the Vienna Convention and stated:<sup>160</sup>

‘We recall that Article 31(3) of the Vienna Convention provides that together with the context (a) any subsequent agreement, (b) subsequent practice, or (c) any rules of international law applicable between the parties, shall be taken into account for the purposes of interpretation.’

In this context it concluded that its analysis of the minor exceptions doctrine was correct in light of ‘state practice as reflected in the national copyright laws of Berne Union members before and after 1948, 1967 and 1971 as well as of WTO members before and after the date that the TRIPS Agreement became applicable to them.’<sup>161</sup> The Panel was careful to footnote that it did not want to express a view on whether these ‘state practices’ were sufficient to constitute subsequent practice within the meaning of Article 31(3)(b) of the Vienna Convention.<sup>162</sup>

The relationship between the TRIPS Agreement and the treaties it incorporates was analyzed in a different way in the arbitration relating to the *EC – Bananas*.<sup>163</sup> The successful complainant, Ecuador, requested under Article 22.2 of the DSU, suspension of concessions and obligations, including certain obligations under the TRIPS Agreement. The Arbitrators addressed the relationship between the TRIPS Agreement and other international intellectual property agreements, and the obligations of WTO Members to each other arising under those agreements, in the context of whether there could be suspension of TRIPS Agreement obligations, where those obligations arose from the incorporated treaties. The arbitrators concluded that the TRIPS Agreement did not erode the members’ obligations under the other intellectual property treaties were.<sup>164</sup>

... by virtue of the conclusion of the WTO Agreement, e.g. Berne Union members cannot derogate from existing obligations between each other under the Berne Convention. For example, the fact that Article 9.1 of the TRIPS Agreement incorporates into that Agreement Articles 1-21 of the Berne Convention with the exception of Article 6b does not mean that Berne Union members would henceforth be exonerated from this obligation to guarantee moral rights under the Berne Convention.

Because parts of the Berne, Paris, Rome and IPIC agreements are incorporated into the TRIPS Agreement, its members are, therefore, subject to the substantive obligations of the relevant parts of those treaties, but the opposite is not necessarily so. *EC Bananas* made it clear that membership of the TRIPS Agreement does not excuse compliance with Berne obligations outside of the TRIPS Agreement - and the same will apply to the other TRIPS incorporated treaties. A difficulty the arbitrator in *EC Bananas* did not address concerns the overlap or lack thereof of membership. Some of the parties to the TRIPS Agreement will not be part of the Berne Union<sup>165</sup> and vice versa. When interpreting the TRIPS Agreement, this difference of membership and any associated difficulties is in part overcome because articles of Berne have become part of the TRIPS Agreement.

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<sup>160</sup> *Id.*

<sup>161</sup> *Id.*

<sup>162</sup> *Id.* ¶ 6.55, n. 68.

<sup>163</sup> WTO Decision Arbitrators, *European Communities- Regime for the importation, Sale and Distribution of Bananas- Recourse to Arbitration by the European Communities Under Article 22.6 of the DSU* WT/DS27/ARB/ECU (Mar. 24, 2000C).

<sup>164</sup> *Id.* ¶ 149.

<sup>165</sup> The Berne Convention constitutes its members as the Berne Union, *supra* note 47, art. 1.

Another issue arising in relation to using other treaties to interpret the TRIPS Agreement is inter-temporality. Rules of international law are of course not static but develop and are interpreted over time.<sup>166</sup> Should the interpretation of the incorporated treaties be at the time the TRIPS Agreement was completed or should subsequent developments in their interpretation be relevant to the Agreement's interpretation? The Vienna Convention does not provide the answer to this timing issue.<sup>167</sup>

TRIPS Agreement disputes have tended to circumvent the inter-temporality issue by asking WIPO for its advice on the appropriate international norm. Notably, WIPO developments are not the same as the context in which the TRIPS Agreement was signed. Arguably, however, the meaning of Berne and Paris in the TRIPS Agreement should be limited to those treaties alone, at the time they were incorporated, and not developments in the same areas of law that are recognized as so separate from the primary Berne agreement.<sup>168</sup> The WIPO Copyright Treaty, drafted in 1996 (WCT),<sup>169</sup> for example, was deliberately not created as an amendment or Protocol to Berne because it is conceptually separate from Berne and could thus have distinct membership for which no overlap is required. Pauwelyn discussed that the TRIPS Agreement incorporated treaties, would on the basis of a contemporaneous approach, be interpreted as they stood at the date of the agreements-April 1994. He stated that 'the incorporation of the WIPO treaties would only be dynamic if that were the intentions of the parties'.<sup>170</sup> Arguments in favor of dynamic interpretation are the TRIPS Agreement's use of concepts for which there is no international norm and open-textured terms. On the contrary, where the provisions are not open-textured, it seems, at least on the basis of the Pauwelyn contemporaneous analysis, that the intention of the parties would have been for the TRIPS Agreement not to be interpreted in light of subsequent international intellectual property law developments. This recognizes that while international law is a developing rather than static phenomenon, this concept cannot be used to legislate the missing parts of the TRIPS Agreement outside of the negotiation process.

A troubling aspect of the TRIPS Agreement is that it takes open-textured provisions to a new extreme; they are not merely open-textured but open-ended. This open-ended approach is a way that new subject matters can be brought under the agreement because they become part of the broad areas of protection of say 'copyright' or 'patent'. Requiring patents in all fields of technology, for example, allows this open-endedness. In other trade contexts, most notably GATT, coverage of new subject areas must be expressly negotiated. GATS permits, after a period of three years, parties to withdraw or modify commitments made in their schedules.<sup>171</sup> TRIPS does not use schedules, but minimum standards, and therefore the Members do not have the same safety net of the possibility of amending a schedule of commitments. The combination of these factors builds a picture that the intention of the parties was to apply a dynamic interpretation to the treaties incorporated into, as well as the other parts of, the TRIPS Agreement.

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<sup>166</sup> OPPENHEIM, *see supra* note 79, at 1281-82 sets out that the general rule is that a treaty "is to be interpreted in light of the general rules of international law in force at the time of its conclusion-the so-called inter-temporal law....Similarly the concepts embodied in a treaty may not be static but evolutionary, in which case their 'interpretation cannot remain unaffected by the subsequent development of law'".

<sup>167</sup> McLachlan, *supra* note 132.

<sup>168</sup> PAUWELYN, *see supra* note 10, at 265.

<sup>169</sup> WIPO Copyright Treaty (WCT), adopted by the WIPO Diplomatic Conference (Dec. 20, 1996).

<sup>170</sup> PAUWELYN, *supra* note 10, at 265. See also David Palmeter and Petros Mavroidis, *The WTO Legal System: Sources of Law*, 92 A.J.I.L. 398, at 410 (1998), where the contemporaneous approach is favored.

<sup>171</sup> GATS, art. XX.

## VI. THE TRIPS AGREEMENT RELATIONSHIP WITH POST-TRIPS INTELLECTUAL PROPERTY TREATIES

Outside of the treaties incorporated into the TRIPS Agreement are other international intellectual property treaties. Those in existence at the time of the TRIPS Agreement but not incorporated into it are not relevant directly to its interpretation.<sup>172</sup> But what of treaties which are entered into after the TRIPS Agreement and relate directly to intellectual property matters the TRIPS Agreement covers? These treaties might be multi-lateral and include some TRIPS Agreement members, but not all. Some non-TRIPS Agreement members may also be members of other multi-lateral intellectual property treaties.<sup>173</sup> Other intellectual property agreements, of increasing abundance, are intellectual property chapters in free trade agreements. This part addresses what, if any, relevance to the interpretation of the TRIPS Agreement these treaties might have. This part first discusses the TRIPS Agreement's interpretative relationship with WIPO treaties that it has not directly incorporated and second the TRIPS Agreement's interpretative relationship with intellectual property chapters of free trade agreements. Two issues of relevance to both of these parts are the degree of overlap of treaty membership and the issue of at what time a treaty is to be interpreted.

### A. Parties and Inter-Temporality

From the perspective of the Vienna Convention, the overlap or otherwise of treaty membership has an effect, particularly on the application of Article 31(3)(c), 'any relevant rules of international law applicable in the relations between the parties'.<sup>174</sup> It is unclear whether 'between the parties' means only those parties in the dispute or whether it means all parties that are members of the relevant treaty.<sup>175</sup> As a principle of international law, a treaty ought not bind a state that has not ratified it. Therefore, an interpretation of a treaty agreed only by some parties cannot be conclusive of the intention of all parties.<sup>176</sup> Determining which

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<sup>172</sup> Only four of the international intellectual property treaties administered by WIPO were included in the TRIPS Agreement. The other treaties are not covered by the TRIPS Agreement, but in some circumstances there may be the argument that they have the status of customary international law and this ought to be considered by panels in the dispute settlement process. The preamble of the TRIPS Agreement states:

Recognizing, to this end, the need for new rules and disciplines concerning:

- (a) the applicability of the basic principles of GATT 1994 and of relevant international intellectual property agreements or conventions;

The exact meaning of this statement is unclear and it must be remembered that it is in the preamble and therefore indicative of the parties' overall intention. "Relevant convention" seems to be a reference to the TRIPS Agreement and its incorporated treaties rather than other international intellectual property treaties. Although it could be argued that other intellectual property treaties may be relevant to interpretation of the TRIPS Agreement, as discussed in this part. One commentator has described the provision as a "harmless quirk of drafting reminding us that the TRIPS, like most international treaties, was essentially written by non-lawyers, mainly politicians and diplomats", see Freidl Weiss, *International Public Law Aspects of TRIPS*, in *Trade Related Aspects of Copyright*, 16 (H. Cohen Jehoram et al eds., 1996).

<sup>173</sup> Universal Copyright Convention, revised at Paris, Jul. 24, 1971, available at [http://www.unesco.org/culture/laws/copyright/html\\_eng/page1.shtml](http://www.unesco.org/culture/laws/copyright/html_eng/page1.shtml) (last visited Apr. 26, 2005).

<sup>174</sup> This can be compared with Vienna Convention, art. 31(2), which makes clear distinctions between "all the parties" and "one of more of the parties". Vienna Convention, arts. 31(3) (a) and (b) deal with subsequent agreement between the parties regarding the interpretation of the treaty and subsequent practice in the application of the treaty which must be the parties to the treaty.

<sup>175</sup> See *supra* note 132, at 313-15 and compare with PAUWELYN, see *supra* note 10, at 261-62.

<sup>176</sup> OPPENHEIM, see *supra* note 79, at 1268.



parties are relevant is very difficult in the multi-lateral environment. It is almost certain that the members of the WTO and the TRIPS Agreement will not be exactly replicated in any other treaty environment. To interpret Article 31(3)(c) as requiring exact duplication of parties is arguably too restrictive, because the logical conclusion of such an approach would be to isolate the WTO from other areas of international law.<sup>177</sup> Even though there is not exact equivalence of membership, other treaties must be relevant to the interpretation of the TRIPS Agreement because many of its provisions are open-textured and simply beg for additional sources to interpret them.<sup>178</sup>

One way of reading ‘between the parties’ is that it means that the parties to the dispute must be members of all the treaties being considered. The WTO rejected this approach in *Shrimp Turtle*. The Appellate Body used a non-WTO treaty to interpret the meaning of ‘exhaustible natural resources’ in GATT Article XX (g), even though one of the parties did not belong to the relevant treaty.<sup>179</sup> An added difficulty with this approach is it invites conflicting interpretations based on the parties to the dispute, rather than the meaning all members intended when entering into the main treaty *i.e.* the TRIPS Agreement. On the other hand, the approach taken in *Shrimp Turtle* would arguably be a loose reading of 31(3)(c). In that case the reliance on other treaties was based on “principles of international law” and the reference to 31(3)(c) was footnoted.<sup>180</sup> When interpreting the meaning of an open-textured term the object and purpose may be a better way to introduce other treaties because of the difficulties of reading Article 31(3)(c) too widely.<sup>181</sup>

If reliance is not placed Article 31(3)(c) of the Vienna Convention, then the use of other treaties to interpret the TRIPS Agreement might be as an aid to interpret the ordinary meaning of the terms or the object and purpose of the treaty.<sup>182</sup> Another possibility, under Article 31(4) of the Vienna Convention, is that a treaty provides a special meaning of a term and the parties to the treaty being interpreted intended the term have that special meaning. One commentator has stated, ‘the tribunal is using other treaties not so much as sources of binding law, but as a rather elaborate law dictionary’.<sup>183</sup> In the TRIPS Agreement context the need to resort to this elaborate law dictionary arises from the use of open-ended terms such as

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<sup>177</sup> Gabrielle Marceau, *WTO Settlement and Human Rights*, 13 E.J.I.L. 753, 781-83 (2002).

<sup>178</sup> *See generally Id.*; PAUWELYN, *see supra* note 10; Sands, *supra* note 135.

<sup>179</sup> The GATT panel in *United States- Restrictions on Imports of Tuna DS 29/R* (Jun. 16, 1995) required the same parties to both treaties.

<sup>180</sup> Appellate Body Report, *Shrimp Turtle*, *supra* note 12, ¶ 158, n. 157. *See also* WTO Panel Report, *US Shrimp (Article 21.5) WT/DS58/RW*, ¶ 5.57 where the Panel noted art. 31(3)(c) and reasoned that the parties to that dispute, Malaysia and the United States are “committed to comply with all of the international instruments referred to by the Appellate Body”.

<sup>181</sup> For a discussion of why Vienna Convention, art. 31(3)(c) should not be read too widely *see supra*, note 132.

<sup>182</sup> These terms are found in the Vienna Convention, art. 31(1). If a treaty has passed into customary law then it may be relevant through the general applicability of customary rules of international law. In WTO Panel Report, *Korea- Measures Affecting Government Procurement*, WT/1DS183/R (May 1, 2000) ¶ 7.96, the Panel stated:

...the relationship of the WTO agreements to customary international law is broader than [DSU, Article 3.2]. Customary international law applies generally to the economic relations between WTO Members. Such international law applies to the extent that the WTO treaty agreements do not “contract out” from it. To put it another way, to the extent that there is no conflict or inconsistency, or an expression in the covered agreement that implies differently, we are of the view that the customary rules of international law apply to the WTO treaties and to the process of treaty formation under the WTO.

Customary law may be too restrictive because it could exclude treaties with wide but not “universal” membership. For a general discussion on customary international law *see* YEARBOOK OF THE INTERNATIONAL LAW COMMISSION II (1964).

<sup>183</sup> *Supra* note 132, at 315.

‘normal’ and ‘reasonable’ and open-textured provisions that call on areas of law outside of intellectual property, such as public health and environmental concerns. The uses of this open textured language also are an implicit recognition that such concepts are not static but develop and change over time.

The difficulties of membership overlap and inter-temporality may, however, be more conceptual at a general level than is likely to arise in any particular dispute. One rule is not likely to resolve all issues of membership and inter-temporality. Interpretation of the intention of the parties, as shown through the meaning of the words in their context, may reveal both at what point in time and what ‘rules of international law’ the parties intended to bind them.

## B. WIPO Treaties

Since the TRIPS Agreement came into force in 1995 a major development in international intellectual property law has been the WCT. The Panel in *United States- section 110(5) Copyright Act* regarded the WCT as a helpful contextual guide, to avoid conflict between interpretation of the TRIPS Agreement and the Berne Convention.<sup>184</sup> This approach was questionable. First, “context” is defined quite tightly in Articles 31(2) of the Vienna Convention to include ‘agreement’ or ‘instruments’ expressly relating to the treaty being interpreted (*i.e.* the TRIPS Agreement). The WCT could not be described as one of these. Second, because at the time of the dispute neither party had ratified the Convention nor had it even come into force.<sup>185</sup> The United States has ratified and brought it into force as of March 2002, which is after the date of the Panel report, June 2000.<sup>186</sup> In those circumstances the WCT was not a ‘subsequent agreement’ or ‘subsequent practice’ in terms of Article 31(3)(a) or (b) of the Vienna Convention. Despite a brief reference to Article 31(3)(c), the Panel could not, in view of its non-ratification, expressly treat the WCT as ‘any relevant rule of international law applicable in relations between the parties’.<sup>187</sup> It is arguable, however, that at least in the future where parties to a dispute have ratified it, the WCT could be a rule of international law applicable in relations between the parties- given that Article 31(3)(c) is unclear on whether ‘between the parties’ means the parties to the dispute or all the parties to the treaty.<sup>188</sup> The members of the TRIPS Agreement will not be exactly the same as the members of the WCT and this may cause some difficulty- meaning that the WCT should simply be treated as a contextual guide in the way in which the Panel did so in the *United States- section 110(5) Copyright Act*. Importantly however, a treaty should not be treated as relevant to the interpretation of the context of another treaty, until the treaty used for that interpretation has actually come into force- there being no guarantee that it will ever come into force until the requisite number of parties ratify it.

Of relevance to TRIPS Agreement interpretation is the role of WIPO, the controlling organization of most multilateral intellectual property treaties and an organization that is integral to the development of rules of international law in the intellectual property field.<sup>189</sup>

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<sup>184</sup> Panel Report, *US – s110(5) Copyright Act*, *supra* note 34, ¶ 6.70.

<sup>185</sup> See discussion above in Part III.

<sup>186</sup> See WIPO Treaties Database, Contracting Parties, *available at* <http://www.wipo.int/treaties/> (last visited Apr. 26, 2005).

<sup>187</sup> Vienna Convention, art. 31(3)(c).

<sup>188</sup> Neil Nethanel offers the view that the WCT and its agreed statements could become subsequent agreements and state practice under the Berne Convention and the TRIPS Agreement, *see supra* note 103, at 447.

<sup>189</sup> For a discussion of the role of WIPO and other international bodies in making international law relevant to intellectual property see Laurence R. Helfer, *Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking* 29 *Yale J. Int’l L.* 1 (2004).

The WTO has turned to WIPO to establish if an existing international property norm exists. In the *United States- section 110(5) Copyright Act* dispute the panel consulted WIPO on the norm of fair use in copyright standard,<sup>190</sup> and in *EC- Geographical Indications*, the panel consulted WIPO on the interpretation of the Paris Convention.<sup>191</sup> It would not only be odd indeed if the WTO ignored any existing international norm in TRIPS Agreement interpretation, but also contrary to the DSU rule that agreements are to be interpreted in accordance with the customary rules of interpretation of public international law. Such an approach could not be justified in relation to the incorporated treaties. The interpretation issue is different in connection with treaties not in existence at the time the TRIPS Agreement came into being. It could not be said that the intention of the parties to the TRIPS Agreement was to incorporate these treaties, except if they become rules of international law.

### C. Free Trade Agreements

The Vienna Convention has also found its way into free trade agreements. As an example, even though the Vienna Convention has the status of a customary rule of interpretation, the Australia and United States free trade agreement (AUSFTA) does not refer to customary rules of interpretation, but directly incorporates Articles 31 and 32 of the Vienna Convention. It provides that a panel established to resolve a dispute under that agreement should:<sup>192</sup>

...consider this Agreement in accordance with applicable rules of interpretation under international law as reflected in Articles 31 and 32 of the Vienna Convention on the Law of Treaties (1969). It shall base its report on the relevant provisions of the Agreement and the submissions and arguments of the Parties. The panel may, at the request of the Parties, make recommendations for the resolution of the dispute.

This direct reference to the Vienna Convention has the advantage of making the interpretation approach clear, but is peculiar. First, the United States is a signatory to the Vienna Convention, but it has not ratified it.<sup>193</sup> It has, however, recognized it as a customary rule of interpretation of international law.<sup>194</sup> At first blush it seems odd to include in a FTA reference to treaty provisions to which one of the parties does not belong. Further, it is arguably unnecessary to spell out the application of the principles when the parties are, in any event, bound to them as a matter of customary international law. In addition, AUSFTA allows the parties to the agreement to choose between a panel established under AUSFTA or the WTO to resolve disputes on issues between them. The choice of forum is to be used to the exclusion of others.<sup>195</sup> The WTO would not hear a dispute on a matter that AUSFTA covered but the TRIPS Agreement did not, such as domain names.<sup>196</sup> According to the DSU any matter covered by the WTO should be brought to the WTO.<sup>197</sup> The choice of forum clause in

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<sup>190</sup> Panel Report, *United States – s110 (5) Copyright Act*, attachment 4.

<sup>191</sup> Panel Report, *EC-Geographical Indications*, *supra* note 62, ¶ 4 and Annex D-2.

<sup>192</sup> United States and Australia Free Trade Agreement [hereinafter AUSFTA], *available at* [http://www.dfat.gov.au/trade/negotiations/us\\_fta/final-text](http://www.dfat.gov.au/trade/negotiations/us_fta/final-text) Chapter 21 (last visited Apr. 21, 2005).

<sup>193</sup> U.N.T.S. Membership *available at* <http://www.untreaty.un.org> (accessed Apr. 23, 2005).

<sup>194</sup> *Supra* note 4.

<sup>195</sup> AUSFTA, *supra* note 193, ch. Twenty-One - Institutional Arrangements and Dispute Settlement, art. 21.4.

<sup>196</sup> AUSFTA, *supra* note 193, ch. 17.3.

<sup>197</sup> DSU, art. 1. Also, Donald McRae has noted that “the relationship between regional trade agreements and the WTO” is a problem for the WTO. He asks “how do you approach an agreement where the provisions are vague, deliberately so because the negotiators could not, or did not want to provide precision?”, *see* Donald McRae, *Claus-Dieter Ehlermann’s Presentation on the Role and Record of Dispute Settlement Panels and the Appellate Body of the WTO*, 6 JIEL 709, 716 (2003).

AUSFTA appears to conflict with that principle. No matter how the forum choice issue is resolved, there is considerable potential for differing results and approaches to interpretation in each forum. This is particularly likely in an area where treaty interpretation techniques known at international law are applied to 'new' subject matter such as intellectual property.

Initially, an FTA would not appear to be relevant to the interpretation of the multi-lateral TRIPS Agreement. But if a dispute were between, for example, the FTA parties, such an agreement could be caught as part of the relations between the parties under Article 31(3) (c). However, if such a dispute were before the WTO, any ruling would have to be limited to the parties and that would not seem a satisfactory use of a multilateral dispute settlement regime. Particularly in view of the WTO's emerging 'legal system' and 'precedent' status.<sup>198</sup>

The parties to the TRIPS Agreement have treated decisions as only binding between the parties. As a result of the *United States- s110 (5) Copyright Act*, the United States has not amended the provision found to be in violation of TRIPS, but has paid compensation to the complainant party, the European Communities. This does not address the effect of the non-TRIPS Agreement compliant provision on other members. It also is arguably not in accordance with the object and purpose of the dispute settlement system. Compensation is not a permanent or long-term solution. The plain wording of the DSU provides:<sup>199</sup>

..The provision of compensation should be resorted to only if the immediate withdrawal of the measure is impracticable and as a temporary measure pending the withdrawal of the measure which is inconsistent with a covered agreement.

In addition, it is contrary to the stated object and purpose of the TRIPS Agreement to allow wealthy countries a different way of dealing with compliance than those countries who may not be able to afford compensation, and thus no choice other than to reform their law.<sup>200</sup> This may support the view that FTA disputes should be confined to the forum contained in the FTA agreement. As FTAs are related to the WTO this does not seem satisfactory, and entirely independent systems may generate inconsistencies. In any event, as discussed above, AUSFTA allows a choice of forum between its own dispute settlement process and that of the WTO.

An area where proper use of Article 31 rules of interpretation is of emerging importance is the connection between MFN and FTAs made post-TRIPS Agreement, and whether third parties can use the multi-lateral MFN principle to obtain MFN status in relation to FTA obligations.<sup>201</sup> Where part of an FTA relates to something the TRIPS Agreement covers, the national treatment principle will work so that a third party national seeking intellectual property protection in one of the FTA party states has the benefit of the FTA protection, provided that the state in question gives that level of protection to its own nationals. Where part of the FTA relates to something outside of the TRIPS Agreement coverage, there can be no TRIPS Agreement national treatment or MFN obligation. If part of the FTA relates to a matter the TRIPS Agreement covers, providing a greater level of protection, and the party does not provide that greater level of protection to its own nationals, can a third party require MFN treatment? Part of this analysis is the relationship between MFN in the TRIPS Agreement and GATT.

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<sup>198</sup> *Supra* note 93, and McRae, *see supra* note 76.

<sup>199</sup> DSU, art. 3.7.

<sup>200</sup> *See* discussion of the object and purpose of TRIPS in Part III above.

<sup>201</sup> *See* Jerome H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement*, 29 Int. Law 345, 347 (1995).

An FTA is permitted under Article XXIV of GATT and Article V of GATS. Such agreements are a recognized exception to MFN.<sup>202</sup> AUSTFA makes use of this GATT-based formula. The policy behind allowing FTAs, in addition to the multilateral system is that the overall growth of free trade is encouraged if groups of states, which also belong to the multilateral system, are able to bring tariffs and other trade barriers even lower.<sup>203</sup> This policy does not translate well to the intellectual property system. FTAs are used to increase the level of intellectual property protection, but an increase in intellectual property protection is not necessarily a benefit to free trade in the same way that a decrease in tariffs is.<sup>204</sup> Potentially the ratcheting up of intellectual property protection in the FTA sphere has no limits, yet the over-protection of intellectual property is not good for trade.<sup>205</sup> Article XXIV of GATT neither mentions the TRIPS Agreement nor is it replicated in the TRIPS Agreement.<sup>206</sup> Does this mean that Article XXIV does not apply to the TRIPS Agreement? And therefore either FTAs are not permitted in relation to the TRIPS Agreement, or that if they are permitted, there is no exception to MFN? There is a general acceptance that FTAs may include an intellectual property chapter, or at least the United States and other countries have entered into a number of them, and so the notion that they are not permitted does not seem to be a likely interpretation of the intention of the parties. On general policy terms it would seem arguable that the MFN exception also ought to apply to the intellectual property chapters because the principle behind FTAs would be undermined if part of them were subject to MFN. Yet this still does not explain the absence of the equivalent of Article XXIV in the TRIPS Agreement.

Assuming that a third party could invoke MFN in relation to a FTA, this would be most useful if a party to the FTA gave its own nationals worse treatment than it gave the other FTA party. On the face of AUSFTA, it may be arguable whether this is possible because the intellectual property chapter commences ‘Each party shall, at a minimum, give effect’, without expressly stating to whom the parties will ‘give effect’.<sup>207</sup> The difficulty from an interpretation perspective in allowing third parties to obtain MFN treatment, and thus a higher level of intellectual property protection, seems to change the nature of the role of MFN. MFN is primarily designed as a lever to push tariffs down, but in an intellectual property environment MFN almost adopts the function of increasing protection levels. First, this does not accord with the general rule that neither national treatment nor MFN ought to be used as levers to increase the level of minimum standards the TRIPS Agreement provides. Indeed, WTO panels are not lawmakers.<sup>208</sup> Second, it would circumvent the balance in the preamble.<sup>209</sup>

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<sup>202</sup> GATT, art. XXIV.

<sup>203</sup> For a general discussion on the benefits and otherwise of free trade areas *see* TREBILCOCK AND HOWSE, *supra* note 18, at 129-34.

<sup>204</sup> *See* discussion in Part III.

<sup>205</sup> It seems unlikely that any state would advocate no limit, but there is no prescribed limit.

<sup>206</sup> GATS, art. XVIII allows members to negotiate additional commitments affecting trade in services. In effect this allows FTA’s on these aspects. This is a different “allowance” that the TRIPS Agreement, which provides for individual members to provide greater protection but does not expressly address “negotiating” between members as GATS does.

<sup>207</sup> AUSTFA, *supra* note 193, ch. 21, art. 17.1.

<sup>208</sup> DSU, Articles 3.2 and 19.2.

<sup>209</sup> A potential issue is whether a non-violation complaint could be brought in relation to a FTA that increases the level of intellectual property protection. At the moment there is a moratorium on TRIPS Agreement non-violation complaints. The complaint would need to in some way argue that the FTA distorts the international intellectual property field. It is difficult to imagine what a non-violation complaint might look like in the TRIPS Agreement context. For a general discussion on non-violation complaints and the TRIPS Agreement *see supra* note 10, at 285-88.

## VII. APPLICATION OF GATT INTERPRETATION METHODS TO THE TRIPS AGREEMENT

GATT dispute settlement is supposed to be instructive to panels and the Appellate Body deciding TRIPS Agreement disputes.<sup>210</sup> As discussed above, the predominant object of GATT is to lower tariffs. The main object of the TRIPS Agreement cannot be said to necessarily increase intellectual property protection, but to find a balance between protection and free trade. These different objects and purposes of the parts of the WTO raise issues for treaty interpretation. In particular, whether the application of Article 31 of the Vienna Convention used in the GATT context has any direct implications for the TRIPS Agreement.<sup>211</sup>

### A. GATT Article XX and the TRIPS Agreement

GATT Article XX provides a range of permissible exceptions to the application of the GATT agreement. The exceptions are preceded by ‘the chapeau’, which emphasizes the importance of the exceptions not becoming barriers to trade.<sup>212</sup> These exceptions are carve-outs of GATT provisions. Those carve-outs include matters where identical wording is used in the TRIPS Agreement such as where such measures are ‘necessary to protect human, animal or plant life or health’.<sup>213</sup> When interpreting the TRIPS Agreement carve-outs, how relevant is the method of treaty interpretation applied to GATT carve-outs? It is timely to recall that the DSU expressly states that WTO members recognize ‘that it serves to preserve the rights and obligations of members under the covered agreements and to clarify the existing provisions of those agreements in accordance with customary rules of interpretation of public international law’.<sup>214</sup> What then is the relationship between customary rules of interpretation of other areas of public international law, and interpretation of the TRIPS Agreement? The standing point to consider this is to examine how the TRIPS Agreement invites these other areas of international law into its framework.

#### 1. How the TRIPS Agreement Invites other Rules of International Law into its Framework

The TRIPS Agreement utilizes various concepts outside of the immediate ambit of intellectual property law, including carve-outs that allow exceptions to protection on grounds of protecting public health and the environment. In particular, Members may exclude from patentability inventions where the prevention of commercial exploitation of the invention is ‘necessary to protect human, animal or plant life or health or to avoid serious prejudice to the environment’.<sup>215</sup> The Agreement also provides a kind of internal limitation on the scope of

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<sup>210</sup> The TRIPS Agreement, preamble provides “Recognizing ...the applicability of the basic principles of GATT”, *see* discussion at *supra* note 173.

<sup>211</sup> *Supra* note 103, at 457 Nethanel suggests that when using GATT decisions regarding health and environmental matters, a dispute panel must sharply scrutinize such limitations on copyright owners’ rights, allowing them only if they constitute the “least-restrictive alternative” to achieving the state’s non-trade goals.” In this Part I analyze that a proper use of art. 31 of the Vienna Convention shows that the applicability of this GATT analysis to TRIPS is not appropriate because it does not reflect the intentions set out in the TRIPS Agreement.

<sup>212</sup> The chapeau of art. XX of GATT provides that “...measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade.”

<sup>213</sup> GATT, art. XX(b).

<sup>214</sup> DSU, art. 3.2.

<sup>215</sup> TRIPS Agreement, art. 27(2).

some of its carve-outs by having articles, in relation to patents, trade mark and copyright, which require exceptions to protection be measured against what has become known as the 3-step test.<sup>216</sup> In addition, the carve-outs are arguably subject to the objectives and principles of the TRIPS Agreement and the trade-focused preamble.<sup>217</sup>

Where the TRIPS Agreement does not have an internal mechanism to interpret its meaning, other mechanisms, namely ‘customary rules of interpretation of public international law’, may be used. Although, in the TRIPS Agreement context it has not yet been used for this purpose, the Vienna Convention opens the door further to other areas of international law, by dint of Article 31(3)(c), which provides that, together with the context, ‘any relevant rules of international law applicable in relations between the parties’, shall be taken into account. Article 31(3)(c) is not limited to rules in relation to intellectual property law, but all rules of international law. And, as discussed above, it uses the words ‘between the parties’ not ‘all the parties’. Alternatively, the open textured nature of such terms may call for other areas of international law to be treated as part of the context for interpretation.

## 2. Applying Interpretation Rules to Open-Textured TRIPS Agreement Provisions

Although neither a panel nor the Appellate Body have yet heard a dispute on the matter, perhaps the best-known TRIPS Agreement dispute relates to the matter of public health and the availability of AIDS pharmaceuticals. Other well-publicized disputes or potential disputes are the protection of patents in relation to fields of technology that may arguably be harmful to human or plant health. The TRIPS Agreement carve-outs include Article 27(2) and (3), the 3-step test and compulsory licensing provisions.<sup>218</sup> For the purpose of illustrating the interpretation issues that open-textured provisions of the TRIPS Agreement might raise, a hypothetical is used here.

*Hypothetical:* Mavenis has in its patent law that it will not allow patents for ‘products or processes that assist humans in the inhalation of substances that could cause lung cancer’. When the legislature of Mavenis passed this provision the debate in its Parliament and the policy documents justified the provision on the basis that it was primarily directed towards cigarette smoke because recent statistics had shown that cigarette smoking related cancers were responsible for a 40% increase in the cost of public healthcare in Mavenis. In addition, the legislature and policy documents indicated that such an exclusion from patent law was, in its view, permissible under Article 27(2) of the TRIPS Agreement, which provides that there may be exceptions to patent protection for the purposes of protecting environment ... human, animal or plant life or health.

The issue relevant to this article is the interpretation process a panel would adopt to analyze whether Mavenis’ law was TRIPS Agreement compliant. Part of this analysis would be interpreting the concept of protection of ‘human health’, which is not primarily an intellectual property law concept. The exception from patents for ‘products or processes that assist humans in the inhalation of substances that could cause lung cancer’ is not in conflict with the requirement to give patent protection to all fields of technology. It is arguably a legitimate carve-out. A panel would need to assess if the exception met the criteria of Article 27(2). There might be an issue as to whether it was also appropriate in terms of the Article 30

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<sup>216</sup> TRIPS Agreement, art. 13 (copyright 3-step test), Art. 30 (patent 3-step test) and art. 17 (trade mark 3-step test).

<sup>217</sup> See discussion above in Part III.

<sup>218</sup> TRIPS Agreement, art. 31.

3-step test.<sup>219</sup> The interpretation of Articles 27 and 30 would be in light of the preamble and Articles 7 and 8, particularly 8.1 as it refers to “human health”, which would provide guidance as to the context of Articles 27 and 30. The starting point for treaty analysis is not whether public health or the environment is a more laudable concern than either protection of intellectual property and international trade. The balancing of those policies ought to have been done in negotiating the TRIPS Agreement. The task of interpretation is not to create that balance but to interpret the treaty makers’ intention, primarily, from the language of the treaty.

This hypothetical is the sort of example for which Dreyfuss and Lowenfeld recommend a degree of deference to national law in view of the economic and cultural differences of TRIPS Agreement members.<sup>220</sup> In light of the way in which the DSB has to date dealt with TRIPS Agreement disputes it seems probable that a panel would have regard to the national law, but that it would analyze whether the exception was acceptable in terms of the parameters of the permissible carve-out of the relevant provision, or provisions.<sup>221</sup> “Human health” is open-textured and thus to interpret its meaning in the TRIPS context international law on human health should be relevant. This could potentially include any rules of international law relevant to human health, such as the World Health Organization Framework Convention on Tobacco.<sup>222</sup>

In addition, the phrase in the TRIPS Agreement to ‘protect human, animal or plant life or health’ is identical to the wording in GATT art XX (b) ‘necessary to protect human, animal or plant life or health’. In this context, how far does the general principle that GATT interpretation methods are relevant to interpretation of the TRIPS Agreement extend? The GATT provisions are like the TRIPS Agreement provisions in that the treaty language alone does not determine the scope of the provision- it is open-textured. Other parts of Article XX of GATT are also open-textured, for example (g) relating to the conservation of exhaustible natural resources. GATT does not contain a ready answer to what is an ‘exhaustible natural resource’. These open-textured provisions of GATT have been the subject of panel and Appellate Body analysis, and the role of the Vienna Convention has formed part of that analysis. One of the overarching issues in the GATT cases was the competing objectives of trade law and other areas of international law, particularly environmental concerns. The weighing of trade versus other concerns raises parallel issues in the TRIPS Agreement context. The following section will summarize the relevant GATT decisions of the WTO and consider whether the interpretative approach in those reports to the balance between ‘trade versus other international concerns’ is an appropriate approach to interpretation of the TRIPS Agreement. There is, of course, a difference of subject matter, meaning that the facts of any one dispute will lead to different policy arguments and potentially different results. The concern of this article, however, is not the substantive intellectual property, or indeed environmental, arguments but the method of treaty interpretation that is employed. The focus is whether that same interpretative method can be adapted from the GATT to the TRIPS Agreement discipline. It should be added that it cannot be supposed that the Agreement drafters intended a different sort of human, animal or plant life or health from that in GATT, or indeed that one exists.

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<sup>219</sup> Panel Report, *Canada- Protection of Pharmaceutical Products*, *supra* note 106 required that both of the patent exceptions at issue were measured against both of TRIPS Agreement, arts. 27 and 30.

<sup>220</sup> *Supra* note 58.

<sup>221</sup> This analysis would tend to be different from 3-step test because it is a different provision but the 3-step test may well be relevant. Panel Report, *Canada –Patent Protection of Pharmaceutical Products*, *supra* note 106.

<sup>222</sup> World Health Organization Framework Convention on Tobacco Control, February 27, 2005, Depository notification C.N.574.2003.TREATIES-1 of 13 June 2003.



### 3. WTO Interpretation of Open-Textured GATT Provisions- GATT Article XX

In the *Shrimp Turtle* report the Appellate Body considered other rules of international law to interpret the phrase ‘exhaustible natural resources’, found in Article XX (g) of GATT.<sup>223</sup> The interpretation was necessary to consider the legitimacy of the United States ban on the importation of shrimp that was fished in a way that ‘incidentally’ killed sea turtles. In order to interpret the phrase, the Panel and the Appellate Body referred to the United Nations Convention on the Law of the Sea (UNCLOS) in support of its conclusion that natural resources included both living and non-living resources.<sup>224</sup> Of note, the United States was not part of that convention but it accepted that it was relevant to the matter in dispute because the relevant parts of UNCLOS had passed into customary international law.<sup>225</sup> Other references were made to international environmental law treaties, including the Conventions on International Trade in Endangered Species of Wild (CITES), which listed the species of sea turtles as endangered species,<sup>226</sup> and to Agenda 21.<sup>227</sup> Despite its overall conclusion that sea turtles fitted the criteria of Article XX (g), the United States ban on the shrimp importation was held not to comply with GATT. The Appellate Body concluded that the ‘chapeau’ of Article XX prevailed over the exception. The chapeau provides:<sup>228</sup>

‘Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in the is agreement shall be construed to prevent the adoption of enforcement by any contracting parties of measures’

The Appellate Body concluded that the United States had failed to negotiate with the complainant about the ban, and the ban was a discriminatory measure in breach of the chapeau. This was considered a breach the principle of good faith, embodied in the chapeau, and thus a breach of international law.<sup>229</sup>

In the *Asbestos* dispute the Panel and the Appellate Body followed the same method of interpretation that was used in *Shrimp Turtle* and found that a French ban on asbestos products was necessary to protect human life or health and therefore fell within article XX(b) of GATT. In part the Panel relied on evidence from the International Agency for Research on Cancer and the World Health Organization and the Appellate upheld the Panel’s approach.<sup>230</sup> The panel concluded that the ban did not an arbitrary or unjustified discrimination or a disguised restriction on trade.<sup>231</sup>

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<sup>223</sup> For a discussion of the relationship between trade rules and environmental agreements more generally see Heather D Heavin, *The Biosafety Protocol and the SPS Agreement: Conflicts and Dispute Resolution*, 12 J. Env. L.& Prac. 373 (2003).

<sup>224</sup> Appellate Body Report, *Shrimp Turtle*, *supra* note 12, ¶ 130.

<sup>225</sup> *Id.* n. 110.

<sup>226</sup> This led to the conclusion that the sea turtles were an exhaustible natural resource, Appellate Body Report, *Shrimp Turtle*, *supra* note 12, ¶ 25.

<sup>227</sup> Adopted by the United Nations Conference on Environment and Development, Jun. 14, 1992, *Report of the United Nations Conference on Environment and Development*, Rio de Janeiro (Jun. 3-14, 1992) and referred to in Appellate Body Report, *Shrimp Turtle*, *supra* note 12, ¶ 130.

<sup>228</sup> GATT, art. XX.

<sup>229</sup> Appellate Body Report, *Shrimp Turtle*, *supra* note 12.

<sup>230</sup> Appellate Body Report, *Asbestos*, *supra* note 14, ¶ 162.

<sup>231</sup> WTO Panel Report, *European Communities- Measures Affecting Asbestos and Asbestos-Containing Products*, WT/DS135/AB/R (Sep. 18, 2000), ¶¶8.223-8.240.

In the *Beef Hormones* dispute, the issue was whether the European ban on hormone treated beef could be justified under the Sanitary and Phyto-Sanitary Agreement (SPS), which is an agreement that expands on GATT XX. The European Union had banned the beef and cited the precautionary principle in favor of so doing. The European Union argued that the precautionary principle had become a rule of customary international law. The SPS required that measures made in accordance with it should be based on a risk assessment using scientific evidence. The Appellate Body found that it was debatable whether or not the precautionary principle could be described as part of customary rules of public international law and, in any event, the principle could not override the specifics of the SPS. Also, the European Union had not taken the steps necessary to comply with the SPS standards.<sup>232</sup>

Another, less legalist, way of looking at *Shrimp Turtle* and *Beef Hormones* is that the trade policy of GATT trumped the environmental concerns. This conclusion is hardly a surprisingly result in view of the purpose of the WTO.<sup>233</sup>

#### 4. Are GATT Interpretation Methods of Open-Textured Provisions Applicable to the TRIPS Agreement?

As a general principle GATT procedure should be useful in TRIPS Agreement disputes. This part analyses the limits of that principle.

Critics of the TRIPS Agreement also consider that the dominance of trade over other interests is precisely what happens in the TRIPS Agreement arena. The issue explored here is whether the interpretation of the TRIPS Agreement, bearing in mind its context, supports the ‘triumph of trade’ in the same way that has occurred in the GATT environmental cases. The purpose here is not to consider the substantive policy arguments but the interpretation issues, and therefore the process of interpretation in *Shrimp Turtle*, *Asbestos* and *Beef Hormones* merits closer consideration. It is opportune to remember the limits of interpretation, which cannot be stretched to resolve a true conflict of international norms- that is a conflict of substantive rules.<sup>234</sup> The process of interpretation is to establish if there is a conflict, or whether, in fact, the treaty allows one norm to be legitimately interpreted to override or limit the other. In the TRIPS Agreement context this would mean interpreting a carve-out as exactly that. Articles 13 (the copyright exception 3-step test) and Article 30 (the patent exception 3-step test) are examples. They are express carve-outs of requirements to provide copyright and patent protection and are of equal status to the broad protection requirements. They are not provisions that are in true conflict with the provisions from which they are carved. In fact, the broad protection provision is not simply an island, the carve-outs scope the landscape of the island, which in turn is part of an archipelago of intellectual property protection.

This structure of the TRIPS Agreement arguably should make the interpretation exercise different from that that took place in *Shrimp Turtle*, *Asbestos* and *Beef Hormones*. The *Shrimp Turtle* conclusion was a direct result of the structure of Article XX of GATT that resulted in the interpretation that the chapeau of reducing trade barriers prevailed over the exceptions. The same ‘chapeau’ structure is not found in the TRIPS Agreement.

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<sup>232</sup> *Id.* ¶¶ 124-25.

<sup>233</sup> A different view is that the interpretative approach of the WTO to environmental exceptions, in particular, the chapeau test, allows domestic regulatory autonomy, *see* SUNGJOON CHO, *FREE MARKET AND SOCIAL REGULATION: A REFORM AGENDA OF THE GLOBAL TRADING SYSTEM* (2003). *See also supra* note 14.

<sup>234</sup> *See* discussion in Part I, Introduction above.

TRIPS Agreement' protection provisions are set amongst a background of principles and objectives and the preamble. The policy of preventing illegitimate barriers to trade, which is embodied in the chapeau of GATT Article XX, is also found in the TRIPS Agreement, particularly in the preamble.<sup>235</sup> The objectives, principles and preamble are all of equal relevance to the interpretation exercise, so the result of interpretation cannot be that protection of intellectual property prevails over those other objectives and principles in the same way that the goal of reducing trade barriers in GATT prevails over other parts of GATT. Further, none of the preamble, or even the objectives and principles, is 'chapeaued' over the TRIPS Agreement carve-outs in the same manner as the GATT XX chapeau is over its exceptions.

Also, the structure of the SPS creates a different interpretation balance in *Beef Hormones*. The Agreement, in its minimum standards, approach does not provide the detailed guidance, which is found in the risk assessment requirements of the SPS process. The risk assessment methodology, although it anticipates different risk, is effectively a series of optimum rules of how to achieve risk assessment rather than a minimum standards treaty of the TRIPS Agreement kind. In other words, a proper interpretation of the TRIPS Agreement acknowledges that it has considerable inherent flexibilities that allow different states to implement exceptions to protection according to its own economic and cultural needs.

The GATT trade goal of reducing barriers is related to the TRIPS Agreement trade goal balance; however, because in the TRIPS Agreement the trade goal embodies a balance, it is arguable the interpretative mechanism developed from the GATT trade goal cannot be directly applied to the TRIPS Agreement. To do so would be to fly in the face of the plain meaning of the TRIPS Agreement and a proper application of the Vienna Convention.

## VII. CONCLUDING THOUGHTS

The TRIPS Agreement is a balance of rights and a balance of goals to protect intellectual property for the benefit of trade but not for its distortion. The TRIPS Agreement's minimum standards are the basis on which individual states develop their intellectual property laws, and are the method by which states can achieve the intellectual property balance domestically. Each state's actual law may differ from others, yet all must comply with the minimum standard. In fact, where the minimum standard is low, the resulting laws could differ markedly. This is the difference between a minimum standard and a best or optimal rule. When a domestic court, outside of the United States, interprets a provision in its domestic legislation, the TRIPS Agreement requirement behind the domestic provision in question is often considered.<sup>236</sup> This has the potential for different domestic courts to reach conflicting results about the scope of TRIPS Agreement provisions. This potential difference of interpretation at the national level would not of course affect the WTO except a WTO panel might have to consider a national interpretation if one party brought a complaint that the other party's law was not TRIPS Agreement compliant. In *EC- Geographical Indications* the Panel did not accept the EC's interpretation of its own law.<sup>237</sup> The TRIPS Agreement does not prescribe a general deference to national interpretation, I have argued that deference is

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<sup>235</sup> See discussion of preamble in Part II above.

<sup>236</sup> See e.g., in *New Zealand PC Direct v Best Buys* [1997] NZLR 723 (HC), discussing compliance with TRIPS Agreement, art. 16. See also in *Canada Télé-Direct (Publications) Inc. v. American Business Information Inc.* [1998] 2 F.C. 22, 37 B.L.R. (2d) 101, 2 F.C. 22, [1998] F.C.J. No. 1430 analyzing the policy behind a provision in NAFTA the equivalent of art. 10 of the TRIPS Agreement.

<sup>237</sup> Panel Report, *EC- Geographical Indications*, *supra* note 62.

appropriate where to do otherwise would ignore the intentions of the parties shown in the Agreement.

A national interpretation must first be measured to see if it complies with the TRIPS Agreement. This will depend on the facts in each case, but some guiding principles can be discerned from methods of interpretation. The TRIPS Agreement principles and objectives invoke consideration of the balance that underlies justifications of intellectual property protection, through the stated purpose of encouraging the growth and development of creativity, science and technology. The WTO context has added a 'trade goal' to the protection of intellectual property. The outcome is that the 'trade goal' may in some situations make the recognition of that balance appear to be subordinate to the concern of intellectual property protection. As discussed above the 'chapeaued' nature of the Article XX exceptions may make such a result an inevitable conclusion in the GATT context, but the absence of chapeau in the TRIPS Agreement supports a more even balance of principles and objectives. The question remains as to whether the 'trade goal' could logically be 'chapeaued' in the TRIPS Agreement in any event. I suggest the answer is 'no' because of the conflict of aims between intellectual property law and trade. While those conflicts do not mean that intellectual property and trade are incompatible, it might mean that where the balance is difficult to articulate or achieve on a practical level, the scales will tip towards intellectual property protection as a means of enhancing trade. That said a proper use of the customary rules of interpretation of public international law should permit deference to national laws, where the national law is TRIPS Agreement compliant and where there is no international norm advocating one meaning.

For developing countries, deference to national laws is particularly important because it legitimizes the scope-retaining exceptions to broad-based intellectual property rights, based on TRIPS Agreement carve-outs, utilized because of individual social and economic needs.

While on a case-by-case basis deference, or not, to national law may be justified; it does not set a clear rule of interpretation. This may, however, be the inevitable consequence of interpreting a detailed minimum standards agreement. One answer is that deference ought to occur in appropriate circumstances in any event. A further complication to making deference a hazy rather than clear interpretation device, relates to the proliferation of FTAs.

A provision in one state's intellectual property law may arise as a result of more than one treaty obligation and, therefore, its utility to interpret one of those treaties may be limited. The state may be a member of the multi-lateral TRIPS Agreement and, say, Berne and Paris. It may also be the member of a trading block, such as the European Union, and in addition may have other FTA obligations. These multiple treaty obligations are far from fanciful and are, in fact, the situation for many states. In theory these treaty obligations should not conflict but exist harmoniously in the sense of mirroring each other and possibly adding greater protection. Any minimum standards treaty, particularly the TRIPS Agreement, allows for 'greater protection' than that required by the treaty.<sup>238</sup> If a provision of domestic legislation allows for greater protection than the TRIPS Agreement level, the WTO, giving deference to that national legislation, is not necessarily an appropriate tool for interpreting the meaning of the TRIPS Agreement. This is particularly so, where the said provision gives greater protection than the TRIPS Agreement because the state has entered into a bi-lateral agreement to do so. Of course, a panel may unravel what parts of any domestic provision results from what treaty arrangement, but this would be a messy process and, in any event, might inappropriately require a panel to interpreting treaties outside the WTO's expertise. That is something that can and has occurred in the WTO context but needs to be treated cautiously. It

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<sup>238</sup> TRIPS Agreement, art. 1.

may, however, be an inevitable result of a system that allows for, and indeed encourages, regional arrangements.

The possibility of conflicting decisions depending on whether a dispute comes before the WTO, a court in the European Union in relation to its copyright agreement, or a domestic court in regard to a bi-lateral arrangement makes this a difficult area in international trade.

National differences in intellectual property law may be justifiable as economically appropriate, but such differences create the possibility of tribunal conflict and even greater fragmentation of international intellectual property law.<sup>239</sup> This does mean, however, that the WTO becomes a means to highlight the absence of harmonization and consequently the WTO appears to be a tool to push the intellectual property harmonization agenda. While this may be a role that the TRIPS Council adopts, it should not be the role of the DSB. If the panels and Appellate Body do not apply treaty interpretation rules properly the result is a dispute settlement process that looks as if it supports 'TRIPS plus' intellectual property protection.

The TRIPS Agreement raises numerous challenging interpretation issues, with which the dispute settlement panels have already had difficulty. These challenges will only become greater as FTAs proliferate and the potential sources of rules of international law multiply. Therefore, it is important that the object and purpose of the TRIPS Agreement is considered in more detail in its interpretation so that the intentions of the parties' for a balance of rights is, and is seen, to be maintained.

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<sup>239</sup> There is also the possibility of forum shopping.