

**The Road from TRIPS-Minus to TRIPS to TRIPS-Plus: The
Historical Development of Trademark Protection Under the
International Intellectual Property Rights Regime with
Special Reference to Jordan**

A Thesis submitted to The University of Manchester for the
degree of PhD in the Faculty of Law

2005

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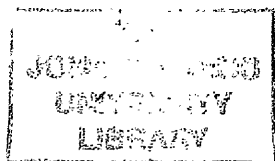
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The University of Manchester

ABSTRACT OF THESIS submitted by Mohammed El-Said **for the Degree of PhD of Law and entitled** The Road from TRIPS-Minus to TRIPS to TRIPS-Plus: The Historical Development of Trademark Protection Under the International Intellectual Property Rights Regime with Special Reference to Jordan.

Month and Year of Submission: September 2005.

This thesis examines the rationale and historical development of trademark law under the national and international framework. Moreover, it discusses the latest trends and developments shaping the protection of trademark law and its impact on consumers and society.

This thesis also discusses the relevant provisions related to the protection of trademarks under a number of international agreements and arrangements including the Paris Convention for the Protection of Industrial Property, the GATT and finally the TRIPS Agreement.

Moreover, this thesis examines the emergence of the TRIPS-Plus regime into the global arena through the conclusion of a number of bilateral arrangements and agreements. It provides a general definition of such a phenomena and how it is being incorporated within the national legal systems of a number of developing countries. This thesis explains and warns of the dangers affiliated with the incorporation of such a phenomena especially for developing countries.

Finally, this thesis discusses the Jordanian TRIPS-Plus model with special reference to trademark protection under several bilateral trade and investment agreements. In this regard, Jordan represents an interesting case study for the protection of IPRs because of its speedy transformation of its IPRs regime from TRIPS-Minus to TRIPS-Plus.

This thesis argues that for the global IPRs regime to bear fruit, developing countries like Jordan must use IPRs to progress and foster their creativity and development levels, rather than as a tool to extract concessions from the developed countries. After all, successful enforcement stems from respect rather than fear and coercion.

Declaration

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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List of Abbreviations

• AA	Association Agreement
• AFTA	Arab Free Trade Agreement
• ASEAN	The Association of Southeast Asian Nations
• CA	Cooperation Agreement
• BIRPI	International Bureau for the Protection of Intellectual Property
• BIT	Bilateral Investment Agreement
• EC	European Community
• ECJ	European Court of Justice
• EEC	European Economic Community
• EFTA	European Free Trade Association
• EIPR	European Intellectual Property Review
• GATT	General Agreement on Tariffs and Trade
• GATS	General Agreement on Trade and Services
• GSP	Generalized System of Preferences
• FDI	Foreign Direct Investment
• FTA	Free Trade Agreement
• FTAA	Free Trade Agreement of the Americas
• IACC	International Anti-Counterfeiting Coalition
• ICC	International Chamber of Commerce
• ICG	International Crises Group
• ICJ	International Court of Justice
• IIPA	International Intellectual Property Alliance
• IMF	International Monetary Fund
• IPRs	Intellectual Property Rights
• LDC	Least Developing Countries
• MENA	Middle East and North Africa
• MFN	Most Favoured Nation

- NAFTA North American Free Trade Agreement
- NGO Non-Governmental Organisations
- OECD Organisation for Economic Cooperation and Development
- OHIM Office of the Harmonisation of the Internal Market
- R&D Research and Development
- RTA Regional Trade Agreement
- TIFA Trade and Investment Framework Agreement
- TRIPS Agreement on Trade-Related Aspects of Intellectual Property Rights
- UN United Nations
- UNCTAD United Nations Conference on Trade and Development
- UNDP United Nations Development Programme
- UNESCO United Nations Educational, Scientific and Cultural Organisation
- UPOV International Convention for the Protection of New Varieties of Plants
- USTR US Trade Representative
- WB World Bank
- WIPO World Intellectual Property Organisation
- WWII World War Two

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Chapter One

Introduction

“I consider a trade mark to be equivalent to a man’s signature to a letter. There may be hundreds of John Smiths, but there would be such individuality in each man’s signature, that you could identify the whole. I consider that when a man puts a mark upon any article he produces to identify it as his production, that it is equivalent to his name”.

John Smith, 1862

- Preface

Intellectual Property Rights (IPRs)¹ represent one of the most contentious and dynamic areas of legal research and specialisation in today’s international relations.² The recent, unprecedented growth of the knowledge economy, technological and digital advances, marketing techniques and globalisation have provided greater urgency to protect and regulate IPRs in all of its forms and branches on both national and global scales.

However, the road to achieving a harmonised global vision about the importance of protecting IPRs has been and remains a thorny one. Since the early days of regulating national IPRs and treaty-making initiatives until our present time, clear and fundamental differences continue to surround and encapsulate the issue of protecting these rights.³ This has been the case even within these countries which often played an

¹ [Hereinafter IPRs].

² Mossinghof remarks that “Adam Smith said that the ‘wealth of any nation rested on three pillars: Labour, Capital and Natural resources. Our generation has added a fourth pillar- intellectual property in all of its forms’. See Mossinghof, Gerald (1999-2000) “National Obligations Under Intellectual Property Treaties: The Beginning of a True International Regime” 9 *Federal Circuit Bar Journal* 4, 591-603, at 591.

³ Such differences often present themselves between the developing countries on the one hand and developed countries on the other, in what is often referred as the ‘North-South’ debate. However, although the North-North relations are more in line with each other, differences still exist between these countries regarding some IPRs issues. See Correa, Carlos (2000) *IPRs, the WTO and Developing Countries*. Zed Books, Third World Network. Also see Primo Braga, Carlos (1989) “The Economics of IPRs and the GATT: A View from the South” 22 *Vanderbilt Journal for Transnational Law* 2, 243-264.

active role in advocating and promoting a stronger protection regime of IPRs.⁴ Such differences ensure that the debate and contention over the protection and use of IPRs will remain in the future.⁵

The strength of IPRs stems from the fact that they affect important aspects of human lives. Their influence also extends to almost every sector of the economy and national development including, agriculture, health, environment, food, human rights, consumer protection and increasingly civil liberties.⁶ The emergence of the digital knowledge economy and technological advances and their impact on accentuating divisions between the rich and poor through the so-called 'digital divide', adds another dimension to the importance attached to such rights.

The rise, demise and revival of IPRs protection in the global arena must be viewed in relation to the surrounding environmental factors which accompanied such a process.⁷ This suggests that any study which deals with the regulation and protection of these rights at the international level must take into consideration the political, economic, social, and cultural externalities and factors which accompanied and influenced the development and evolution of these rights.

Touching upon the historical development of IPRs regulation and protection is vital for any study concerned with such a topic. The international protection of IPRs in particular provides a unique field of research because of its controversies and unexpected events. Thus, it comes as no surprise that shortly after the conclusion of the first major international agreement in the field of IPRs, namely, the Paris Convention for the Protection of Industrial Property in 1883,⁸ a number of countries then opted towards limiting and circumventing the scope and protection of these rights.

⁴ For example, in one of the recent cases, the extension of copyright protection term to 70 years instead of 50 years was challenged in the US Supreme Court on the basis that it is unconstitutional and harms the public interest. See *Eldred Vs Aschcroft*, 537. U.S 186.

⁵ Kongolo, Tshimanga and Shyllon, Florin (2004) "Panorama of the Most Controversial Issues in Developing Countries" 6 EIPR, 258-262.

⁶ Loughlan, Patricia (2002) "Looking at the Matrix: Intellectual Property and Expressive Freedom" 1 EIPR, 30-39.

⁷ As has been remarked "For in the past one hundred years, intellectual property law has often been said to be out-of-date, overwhelmed by the new technology of the day and in need of a radical takeover". See Merges, Robert (2000) "One Hundred Years of Solitude: Intellectual Property Law, 1900-2000" 88 *California Law Review*, 2187-2240, at 2189.

⁸ Paris Convention for the Protection of Industrial Property, March 20, 1883. [Hereinafter the Paris Convention].

In this context, the controversial decision of the highest court in France in 1887 declaring that ‘there is no such thing as intellectual property rights’⁹ provides a clear demonstration of such a backdrop.

Nevertheless, pressure exerted by the developed countries at the global level for stronger IPRs protection began to emerge gradually after the Paris Convention. The Berne Convention for the Protection of Literary and Artistic Works in 1887¹⁰ and the subsequent bilateral and then multilateral arrangements during the early decades of the last century brought the issue of such protection to the surface of international relations. But it took the world over a century since the conclusion of the first major international convention for the protection of IPRs (the Paris Convention) and some fundamental changes to the deeply rooted notions and concepts surrounding the protection of these rights before the conclusion of the most comprehensive agreement ever in this field, namely, the Trade Related Aspects of Intellectual Property Rights Agreement (TRIPS) in 1995.¹¹

The establishment of the TRIPS Agreement under the umbrella of the World Trade Organisation (WTO) and subjecting the protection of IPRs to its dispute settlement procedure represents the peak of international and multilateral efforts towards a more unified global vision for the protection of these rights. This was strengthened by the Agreement’s extended transition periods for the developing and least-developing nations in addition to its built-in flexibilities and implementation mechanisms.

⁹ *Bull, Cour De Cassation, Civ., 1887*. Cited in Prager, Frank (Nov 1944) “A History of Intellectual Property From 1545 to 1787” 26 *Journal of Patent Office Society*, 711-760 at 321.

¹⁰ The Berne Convention for the Protection of Literally and Artistic Works, September 9, 1886 [hereinafter the Berne Convention].

¹¹ The TRIPS Agreement is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Kingdom of Morocco, on 15 April 1994. For more see http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm. [Hereinafter the TRIPS Agreement]. Gervies’ comments on the conclusion of the TRIPS Agreement “Given the sluggish pace and partial coverage of intellectual property agreements negotiated between 1883 and 1994, it is amazing indeed that in less than four years a new multilateral agreement covering all forms of intellectual property, including forms never previously covered by an international agreement could be adopted”. Gervais, Daniel (2001-2002) “The Internationalisation of Intellectual Property: New Challenges from the Very Old and the Very New” 12 *Fordham Intellectual Property, Media and Entertainment Law Journal*, 929-990, at 947. The introduction of the ‘trade-related’ notion of IPRs in the 1960s and 1970s and the use of such rights as a bargaining tool in exchange for other economic concessions and benefits played a significant role in bringing the issue of IPRs to the ambit of the GATT multilateral forum.

However, this is not to say that the TRIPS Agreement represents the end of the road for IPRs protection and regulation internationally. In fact some argue that TRIPS envisioned further strengthening of such protection through its adaptation of the 'minimum standards' of protection approach. This thesis will show that on the contrary, after the conclusion of the TRIPS Agreement, one may observe that the scope and extent of the protection of IPRs has been on the increase. Such an accelerating process has been achieved and supplemented by the introduction of new techniques and policies aimed towards shifting the negotiations on IPRs from one forum to another. In this regard, one may realise the creation of new tiers for debating and negotiating further standards of IPRs beyond the ambit of the multilateral trading regime as embedded by the WTO. As will be explained, this is mainly implemented through a web of regional and bilateral agreements and arrangements between the developed and developing countries. Such a process embodies one of the gravest challenges the world trading regime has ever faced.

1. Aims and Objectives of the Research

A number of questions are bound to be raised in this study. What are the positions of the developing countries on the issue of strengthening the protection of IPRs? Do they share the same vision as that advocated by the developed countries? Why did it take such a long time to create and establish an international comprehensive agreement for the protection of IPRs? Does the conclusion of such an agreement reflect a consensus among its members on the importance of IPRs protection? Does TRIPS represent the end of the road for further protection levels of IPRs? What are the main challenges facing today's multilateral agenda in relation to the protection of IPRs and what does the future hold for such a regime?

These are some of the questions this thesis will attempt to answer. Thus, this thesis aims at discussing and showing the changes and challenges facing the global regime of IPRs. One such challenge is the emergence of multiple forums and venues of regulation and protection at both multilateral and bilateral levels. Such developments are bound to affect the developing countries in many respects. Accordingly, this thesis

will contribute to the evolving debate about the protection of IPRs in developing countries while at the same time it will provide a timely analysis about the dangers of shifting the discussion on IPRs from the ambit of the multilateral framework to a more restrictive bilateral regime on the developing countries.

IPRs protection embodies several types of rights including trademarks, patents, copyrights, industrial designs, geographical indications...etc. Each of these types is important in its own right. However, this thesis will focus on trademark law right from the beginning.

Before briefly explaining the rationale behind the protection of trademarks, it is important to bear in mind that, although often treated and referred to as a group,¹² the rationale behind protecting each branch of IPRs is fundamentally different and diverse.¹³ Consequently, it is impossible to treat all IPRs as one homogenous group of rights. In this regard, Stallman quips “IP is...an unwise generalisation. The term is a catch-all that lumps together several disparate legal systems, including copyrights, patents, trademarks and others, which have very little in common. These systems of law originated separate, cover different activities, operate in different ways, and raised different public policy issues. If you learn a fact about copyright law, you would do well to assume it does not apply to patent law, since that is always so”.¹⁴ In this regard, unlike other forms of IPRs, it is important to keep in mind that trademark protection is based on the notion of consumer protection against deception rather than the protection of private property rights.

Accordingly, special attention will be paid to the regulation, nature and protection of trademarks. This is due to several reasons. First, the available literature on the protection of trademarks seems to pay little attention to the importance of this branch

¹² Bently and Sherman proclaim that IPRs share one factor in common is that they “establish property protection over intangible things such as ideas, inventions, signs, and information”. For more on how IPRs are treated see Bently, Lionel and Sherman, Brad (2004) *Intellectual Property Law*. London, 2nd Edition, Oxford University Press, at 1.

¹³ Some scholars even believe that the terminology ‘intellectual property’ is misleading and should be changed. For example, Lemley quips that “We need a new term for intellectual property. So here’s a modest suggestion: instead of intellectual property let’s start talking about ‘IP’”. Lemley, Mark (2005) “Property, Intellectual Property and Free Riding” 83 *Texas Law Review* 4, 1031-1104, at 1075.

¹⁴ Stallman, Richard “Some Confusing or Loaded Words and Phrases that are Worth Avoiding”. Available at www.bnu.org/philosophy/words-to-avoid.htm. (Last visited August 2004).

of IPRs and its role in shaping today's world of IPRs protection in general.¹⁵ Second, the fact that trademark law deals with a number of various issues that range from consumer protection, unfair competition and freedom of speech provide us with further challenges and opportunities of finding the right balance needed to deal with and reconcile all these issues in today's legislative and economic environment.

Lastly and most importantly, recent developments in the field of trademark law tend to suggest an increased importance and expansion for this particular branch of IPRs in the near future. These developments are fuelled by wider legal and practical recognition for brands and trademarks. In addition, the successful expansion of trademark subject-matter as encouraged and advocated by trademark owners is playing a major role in such a process. Increasingly, emerging unconventional signs and devices such as colours, smells and sounds are being registered as trademarks thus widening the subject-matter of this type of right.¹⁶ Moreover, the scope of this protection is also expanding to cover new areas of protection such as the internet and the recognition of trademark owners' merchandising rights even in the absence of public confusion.¹⁷

Additionally, strengthened legislative criminal and civil remedies awarded to this particular type of rights has also provided trademark owners with further assurances regarding the protection of their investment in this branch of property. Moreover,

¹⁵ Heald comments on lack of research as far as trademark protection is concerned by suggesting that "one gets the feeling from these articles that the patent and copyright sections must have greater 'sex appeal' than the trademark Sections". Heald, Paul (1996) "Trademarks and Geographical Indications: Exploring the Contours of the TRIPS Agreement" 26 Vanderbilt Journal of Transnational Law, 635-660, at 637. Also Leaffer state that "Trademark law has been somewhat ignored in the current literature, when compared to the animated discussion on the world stage addressing copyright and patent law". See Leaffer, Marshall (1998) "The New World Of International Trademark Law" 2 Marquette Intellectual Property Law Review 1-31, at 2. Having said that, there seems to be an increasing resurgence of interest on the topic of trademark protection and connection to competition and monopoly in recent times especially in the USA. For example see Lemley, Mark and Dogan, Stacy (2004-2005) "Trademarks and Consumer Search Costs on the Internet" 41 Houston Law Journal 3, 777-838, Littman, Jessica (1998-1999) "Breakfast with Batman: The Public Interest in the Advertising Age" 108 Yale Law Journal 7, 1717-1736, Lemley, Mark (1998-1999) "The Modern Lanham Act and the Death of Common Sense" 108 Yale Law Journal 7, 1687- 1715 and Kratzke, William (1990-1991) "Normative Economic Analysis of Trade Mark Law" 21 Memphis State University Law Review, 199-290.

¹⁶ For example see US-Bahrain Free Trade Agreement, Article 14.2 (1). Also see *Cooper Indus., Inc. V Channellock, Inc.* 788 F. Supp. 873, 22 U.S.P.Q 2d 1695 (W.D. Pa. 1992) (upholding that a colour-trademark is Registrable). Generally see Strobel, Paul (2001) "The Registration of New Trademark Forms" 32 IIC 2, 161-182.

¹⁷ For more see Dogan, Stacey and Lemley, Mark (December 2004) "The Merchandising Right: Fragile Theory or Fait Accompli?" Stanford Public Law Working Paper No. 105, available at <http://ssrn.com/abstract=636872>.

global efforts aimed at curbing organised large-scale trademark piracy and counterfeiting gained momentum during the past few years thus providing trademark owners with the necessary guarantees regarding their investment in global brands and trademarks.

Significantly, the indefinite legal protection period provided by trademark law has awarded such a branch of IPRs with a unique advantage. The fact that other types of IPRs are confined and time-specific¹⁸ will have the likely outcome of ‘channelling’ other protected intellectual property products and services under the umbrella of trademark protection hence reaping the benefits of such an indefinite protection device. One only needs to observe the latest evolving trends in the pharmaceutical industry to realise the growth of such a phenomenon. Increasingly, pharmaceutical companies are investing more in the marketing and promotion of their patented drugs through linking such products with distinctive trademarks and trade names thus enabling them to enjoy further levels of protection under trademark law once patent protection expires.¹⁹

Jordan has been chosen as a case study in this research for a number of reasons. First, it is the country of origin of the author. Second, the developments which accrued to the Jordanian IPRs regime in the last decade represent a prime example of how a developing country with few resources is being used and pressured to adhere to higher levels of IPRs protection under the force of unilateral sanctions or in exchange for financial and economic aid. Within this context, Jordan has moved from a TRIPS-Minus status to a TRIPS-Plus one in a record period of time with little preparation and adjustment.²⁰ Third, Jordan is the first ever Arab country to sign a bilateral Free Trade Agreement with the United States of America and only the fourth country in the world to do so. Finally, the US-Jordan Agreement itself contained provisions that have never

¹⁸ For example, patents are protected for 20 years and copyrights are protected for the life of the author plus 50 years while trademarks are protected for an initial period of seven years renewed indefinitely.

¹⁹ An UNCTAD report declared that “Trademarks have become a basic source of market power in this industry, perhaps of greater importance than patents”. See UNCTAD Secretariat (1977) *The Impact of Trade Marks on the Development Process in Developing Countries*. TD/B/C, 6A/C 3.3, at 26.

²⁰ Such a division of IPRs regimes adopts the TRIPS Agreement as the main benchmark of protection. Thus, a TRIPS-Minus regime is that regime that incorporates lower ceiling and standards of protection than the TRIPS Agreement while a TRIPS-Plus regime incorporates higher levels and ceilings of protection than those prescribed under the TRIPS Agreement.

been incorporated multilaterally and bilaterally before in the field of IPRs, labour and environment.

2. The Arguments

This thesis has a number of arguments. Firstly, the deeply rooted rationale behind the protection of trademarks as a consumer protection tool is under threat. The emerging trends in this branch of law indicate an increased disconnection between theory and practice. Increasingly, the law is leaning more towards the protection of trademark owners' rights rather than protecting the public. This has already produced negative outcomes and is curtailing the public domain's freedom of speech and expression.

Secondly, the international strengthening and enhancement of IPRs protection is often encouraged by domestic interest groups based in the developed countries who possess the comparative advantage in this field. Increasingly, added IPRs protection will result in diminishing developing countries' technological development and will hinder their progress.

Thirdly, the process of 'forum shifting' the discussion and debate on IPRs to new venues is resulting in higher levels of protection in favour of the developed countries. TRIPS-Plus recipes are being achieved increasingly through bilateral trade and investment arrangements between strong and weak states thus resulting in unbalanced and negative outcomes in favour of the developed countries. This thesis will demonstrate that such a phenomenon is also applicable to the provisions related to the protection of trademarks.

Finally, this thesis aims at showing how Jordan codifies the primary example of a TRIPS-Plus model country as a result of the developed country's unilateral and bilateral initiatives directed against her. In this regard, developing countries like Jordan must resist pressures to incorporate higher levels of IPRs if such protection runs contrary to their stage of development and national priorities. This thesis will also explain that just like most developing countries, Jordan is in the process of

strengthening its IPRs regime as a result of foreign and external pressures and not as a result of its own belief about the benefits and advantages associated with the protection of these rights.

3. Methodology, Limitations and the Structure of the Research

One of the main difficulties aroused when dealing with this topic in particular is the immense speed in which changes are recurring in the international field. During the past few years, greater numbers of bilateral trade and investment agreements has been concluded than ever before. To keep up-to-date with these developments, it was important to limit and confine the scope of this thesis to the provisions of the last bilateral trade agreement concluded at the time of writing-up this thesis, namely, the United States-Australia Free Trade Agreement which came into force on 1 January 2005.²¹

Moreover, although growing in volume, literature on the field of IPRs especially that related to the TRIPS-Plus phenomena remains limited. In addition, research and literature material on the Jordanian trademark and IPRs regime is scarce, if non-existent. In dealing with the shortages, reliance on the main texts of these agreements was heavily undertaken. In addition, comparisons with other countries similar experiences in this regard were also vital. This was supplemented by other 'softer sources' of information such as personal interviews, official newspapers and websites, and the personal observation of the author.

This thesis consists of six chapters. The second chapter will shed light on the historical background of the trademark protection regime, its evolution and development. This chapter will provide a preview about what is meant by a trademark by comparing a number of leading jurisdictions in this regard. In addition, the chapter will also discuss in detail the historical development of trademarks since their early

²¹ For more see the United States.-Australia Free Trade Agreement, entered into force 1 January 2005. See at http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Final_Text/Section_Index.html. (Last visited February 2005).

use to our present time, taking into consideration the relevant social, economic and political changes that affected and influenced the development of such a process.

It is strongly believed that any study of the protection and regulation of trademarks that does not touch upon the rationale behind such a protection will be incomplete. Hence, a thorough examination of the rationale behind the protection of trademarks will be provided. This will also entail the study of the main functions that a trademark serves. Special focus will be directed on the three main functions of trademark;²² the origin function, the quality function and the investment function. Such a preview will be supplemented by an extensive critical analysis of each of these functions and their compatibility with practical considerations.

The third chapter will deal with the evolution of IPRs protection under the international dimension. In this regard, I opted to divide the international development of the IPRs regime into three phases as follows; the Foundation Phase, the Informative Phase and the Enforcement Phase.

However, in explaining and examining the Foundation Phase, this chapter will pay special heed to the provisions related to the protection of trademarks under the Paris Convention. To do so, this chapter will shed light on the evolution of this Convention, its background, main characteristics, its revision and the critique made against this Convention. Moreover, reference to some of the major agreements that touch upon the protection of trademarks during this phase will also be undertaken.

The Informative Phase will be referred to in accordance with the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947.²³ However, for historical and practical factors, this phase will represent the GATT period and will last until the beginning of the Tokyo Round of trade negotiations. Accordingly, the Informative Phase will relate to the background of the GATT Agreement and the main provisions

²² Such a classification of the main functions of trademarks has commonly been used by a number of scholars in this field. For example see Cornish, William (1996) *Intellectual Property* London, 3rd Edition, Sweet and Maxwell. Also see Sanders, Anselm and Maniatis, Spyros (1993) "A Consumer Trade Mark: Protection Based on Origin and Quality" 11 *EIPR*, 406-415.

²³ The General Agreement on Tariffs and Trade (GATT) was first signed in 1947. The agreement was designed to provide an international forum that encouraged free trade between member states by regulating and reducing tariffs on traded goods and by providing a common mechanism for resolving trade disputes. [Hereinafter GATT].

related to the protection of intellectual property right therein. Additional emphases on the trademark-related provisions under this agreement will be undertaken. Moreover, reference to some of the main initiatives related to IPRs protection during the 1960s and early 1970s will also be undertaken.

The Enforcement Phase represents the period of time after the Tokyo Round of trade negotiations and continues to our present time. Therefore, this chapter will be concerned with analysing the main factors that led to the emergence of the world multilateral forum under the WTO and its TRIPS component. A preview of the main initiatives and efforts during that period will also be examined under this chapter including the role of a number of domestic interest groups in the developed countries that advocated the strengthening of IPRs protection at the global level.

Finally, the third chapter will give a brief preview of the role of trademark protection in enhancing the international protection of other forms of IPRs. The chapter notes that the protection of trademarks has been for several decades the main instigator and driving force behind the adaptation of a more comprehensive and wider multilateral framework for the protection of IPRs as a whole.

The fourth chapter will elaborate and build upon the previous ones in relation to the protection of IPRs under the Uruguay Round of trade negotiations and the establishment of the WTO and its TRIPS component. This chapter will shed some light on the substantive provisions of the TRIPS Agreement with special emphasis on the provisions related to the protection of trademarks.

Moreover, the fourth chapter will also discuss the emerging trend of regional and bilateral trade and investment agreements and their creation and incorporation of the so-called 'TRIPS-plus' mechanism into the international regime for the protection of IPRs. The chapter will explain what is meant by TRIPS-Plus and how it is being achieved in relation to the provisions incorporated in a number of bilateral trade and investment agreements with additional reference to the provisions protecting trademarks under these arrangements.

It will also provide an analysis of the TRIPS-Plus effect upon the world multilateral regime. Special attention will be paid to the position of developing countries which are becoming increasingly part of these bilateral trade and investment initiatives and arrangements.

The fifth chapter will discuss the historical development of IPRs protection in Jordan. Special attention will be paid to the development and protection of trademarks in the country. The chapter will provide a glimpse of the pre-TRIPS trademark regime in the country and will also review the major changes that occurred to the trademark regime after the implementation of the TRIPS Agreement as a result of Jordan's accession to the WTO in 1999.

Chapter five will also discuss Jordan's "TRIPS-Plus" model and its implications as envisioned under the recent Bilateral Free Trade and Investment Agreements with the United States and the Partnership and Association Agreements with the European Union. By doing so, the chapter will rely on the provisions related to the protection of IPRs under these arrangements, with special reference to those representing TRIPS-Plus formula. Chapter six is the conclusion.

Chapter Two

Rationalising Trademark Protection: Developing Countries and the Emerging Global TRIPS-Plus Regime

- Introduction

The importance of trademark protection in modern times has been recognised and acknowledged at different levels and spectra. Specific laws and regulations were enacted to ensure that trademarks serve their economic, social and legal functions. Specific bilateral, regional, and multilateral arrangements aiming towards the harmonisation and enhancement of trademark protection were also concluded. Furthermore, courts at both the national and international levels recognised the importance of preserving these rights and specialised scholars debated and discussed the various issues of concern regarding this phenomenon extensively.

The evolution and development of trademark law has been an ongoing and remains a continuous process. Although the historic roots of trademark use could be traced back to several thousand years ago, their emergence as a recognised and protected right in their current form is a relatively new concept that belongs to the 18th and 19th centuries respectively.

Historically speaking, the scope of trademark protection has often been influenced and determined by what a trademark represents and offers to society and in particular to consumers. Moreover, as often the norm with other forms of intellectual property rights (IPRs), it was also influenced by each country's economic, legal, and industrial stage of development. However, when analysing the protection of IPRs in general and trademarks in particular, one must always take into consideration the role and efforts

of the various interest groups in enhancing and strengthening the protection of these rights at both the domestic and international levels.¹

Trademarks have evolved through time to represent not only 'signals' which directly identifies the source of the product, but also to represent a 'symbol' of that product, an image that triggers and designates the broader affiliation and association with that particular product thus broadening the role and scope of such a device. In this regard, it was suggested that 'it is the modern trademark's apparent ability instead to sanction as a symbol capable of such a range of meaning that demonstrates further evidence of its evolution into something much greater than a mere label'.²

Trademarks play a pivotal role in our daily lives. Indeed as Economides remarked, "man lives, thinks and dies using symbols".³ In addition, some suggest that "our vision of the world and of ourselves is shaped by the words we use and by the images that fill our fantasies"⁴ while others emphasise the importance of trademarks and brands⁵ to society by stating that "brands were the first piece of consumer protection".⁶ Regardless of what we all think of trademarks, it is evident that in our globalised world, trademarks came to represent the unified language that connects people all over the world, regardless of their origins, languages and cultural backgrounds.⁷

¹ 'Interest groups' is an expression that will be commonly used in this thesis which refers to a group of people or organisations that have an interest in the expansion and strengthening of the protection of IPRs. This also includes IPRs producers and owners.

² Pickering, C (1998) *Trade Marks In Theory and Practice*. Oxford, Hart Publishing, at 2. Moreover, Drescher describes the evolving role of trademarks by stating that they 'became a symbol, a poetic device, a name designed to conjure up product attributes whether real or imagined'. Drescher, Thomas (1992) "The Transformation and Evolution of Trademarks-From Signals to Symbols to Myth" 82 *Trademark Reporter*, 301-340. Moreover, Dreyfuss comments on the evolution of trademarks as "ideograms that once functioned solely as signals denoting the source, origin, and quality have become products in their own rights, valued as indicators of the status, preferences and aspirations of those who use them". Dreyfuss, Rochelle (1989-1990) "Expressive Genericity: Trademarks as Language in the Pepsi Generation" 65 *Notre Dame Law Journal*, 397-424, at 397. On importance of symbols see Elliot, Richard and Wattanasuwan, Kritsadarat (1998) "Brand as Symbolic Resources for the Construction of Identity" 17 *International Journal of Advertising* 2, 131-145.

³ Economides, Nicholas (1988) 'The Economics of Trademarks' 78 *Trademark Reporter*, at 523-539.

⁴ Kozinski, Alex (1993) "Trade Marks Unplugged" 68 *New York University Law Review*, 960-978, at 974.

⁵ Throughout this research, unless otherwise explained, the use of the word 'trademark' will be used in a broad sense to encompass service marks, trade names and brands.

⁶ The Economist 'Who's Wearing the Trousers?' Sep 8th 2001.

⁷ Klein comments on this by saying that "Logos, by the force of ubiquity, have become the closest thing we have to an international language, recognized and understood in many more places than English",

This chapter will examine the historical development of trademarks and its evolution to its current legal form. It will also discuss the various functions of trademarks and will highlight some of the controversial theoretical and practical issues associated with the rationalisation of trademark protection. In addition, this chapter will provide a glimpse of the main characteristics and the importance of trademark protection in developing countries.

In this regard, this chapter will adopt the TRIPS Agreement's definition of a trademark. In addition, the provisions of this agreement will be regarded as the template for our discussion on trademark functions because of its global far-reaching character and its implementation in a large number of countries. Finally, this chapter will give a brief definition of the evolving concept of 'TRIPS-Plus' and its effect on developing countries in relation to trademark protection.

1. What is a Trademark?

Trademarks may be defined as 'any mark or sign used by a producer to identify and distinguish a certain product or service from other competing products or services available in the marketplace'. Accordingly, the purpose of a trademark is the identification of a certain producer or a certain product by distinguishing them from others. The main purpose of this identification tool is to provide consumers with sufficient information to prevent 'origin' or 'source' confusion of products. Hence, trademarks are such an important tool, which play a pivotal role in everyone's daily lifestyle. This led some to describe trademarks as "promises that men live by".⁸

When studying the legal protection of trademarks, one must not lose sight of the trademark's 'functionality' doctrine. Increasingly, modern practices in this area have indicated a changing role of trademark protection from a 'consumer protection' tool to an 'investment protection' tool hence shifting trademark law's centre of focus from

Klein, Naomi (2000) *No Logo: Taking Aim at the Brand Bullies*. London, Flamingo, at introduction page.

⁸ Link, Henry (1948) "The Social Significance of Trademarks" 38 *Trademark Reporter*, 622, at 622.

consumers towards additional protection for trademark owners.⁹ As will be discussed later, such a deviation from this principle will require justification and may prove to be troublesome.

The TRIPS Agreement provides broad definition of the 'protectable subject matter' of a trademark which builds upon the previous provisions incorporated under the Paris Convention regarding trademarks. Thus Article 15 stipulates that "Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registration depend upon distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible".¹⁰

From the above definition, one can derive that a trademark must be capable of graphical representation.¹¹ Moreover, a trademark may consist of a sign,¹² word, or even a logo...etc. It is also important for the trademark to be able to distinguish the goods and services of one producer or manufacturer from others in the market. This is often referred to as the 'distinctiveness' criteria for trademarks.¹³ In this regard, a trademark may be regarded as an informative tool which consumers can use in order to distinguish the origin and characteristics of certain products of those of others.

⁹ See Lemley, Mark and Dogan, Stacy (2004-2005) "Trademarks and Consumer Search Costs on the Internet" 41 Houston Law Journal 3, 777-838, Littman, Jessica (1998-1999) "Breakfast with Batman: The Public Interest in the Advertising Age" 108 Yale Law Journal 7, 1717-1736, Lemley, Mark (1998-1999) "The Modern Lanham Act and the Death of Common Sense" 108 Yale Law Journal 7, 1687-1715 and Kratzke, William (1990-1991) "Normative Economic Analysis of Trade Mark Law" 21 Memphis State University Law Review 2, 199-290.

¹⁰ TRIPS, Article 15.1. For more on trademark provisions under TRIPS see Heald, Paul (1996) "Trademarks and Geographical Indications: Exploring the Contours of the TRIPS Agreement" 26 Vanderbilt Journal of Transnational Law 3, 635-660.

¹¹ For more on this see Burrell, Robert (2003) "Making Sense of Trademark Law" 4 Intellectual Property Quarterly, 388-410

¹² In this regard, a 'sign' may be defined to include 'word marks, personnel names, letters, figurative elements, numerals, sounds and even colours'. For more see Heald, Ibid.

¹³ Paris Convention, Article 6 *quinquies*, Section B.2 allows the denial of registration to trade marks which "are devoid of any distinctive character".

However, before discussing thoroughly the rationale behind the protection of trademarks, a brief historical background for the evolution and development of trademarks will be provided next.

2. Trademarks in History

2.1 Historic Trademarks

Trademarks have existed and been used for thousands of years. Though it is difficult to determine the exact period of time as to when and where they were first used, some believe that trademarks were initially used almost six thousand years ago.¹⁴ Mankind has used marks to identify a product's owner or manufacturer. For example, it was discovered that ancient Egyptian paintings depicted field workers branding cattle.¹⁵ In addition, the mark of personal seals served as a legal signature in Babylon and Bison painted on the walls of the Lascaux Caves in southern France made around 5,000 years B.C contain marks that scholars say indicate ownership.¹⁶

With the expansion of trade between different cities, trademarks functioned as proprietary marks which represented a way of indicating the ownership of the goods in cases of shipwreck or theft as well as assisting the illiterate who came into contact with these goods bearing these marks. Accordingly, trademarks at these times functioned primarily as indicators of property and ownership.¹⁷

The dominance of the Roman Empire in the 2nd Century by covering large parts of Europe and the Mediterranean countries also facilitated trade between the Empire and other distant countries. Roman-marked products were exported to these countries. The

¹⁴ Paster, Benjamin (1969) "Trademarks- Their Early History" 59 *Trademark Reporter*, 551-572.

¹⁵ See McCarthy, Thomas (1992) *McCarthy on Trademarks and Unfair Competition*. Deerfield, 3rd edition, Clark Badman Callahan, at 5-1 to 5-2.

¹⁶ See Ladas, Stephen (1975) *Patents, Trademarks, and Related Rights: National and International Protection*. Volume 1, Harvard University Press, Chapter 1. Also see Johnson, David "Trademarks: A History of a Billion-Dollar Business". Available at <http://www.infoplease.com/spot/trademarks1.html>. (Last visited 16th April 2003).

¹⁷ See Schechter, Frank (1927) "The Rationale Basis of Trademark Protection" 40 *Harvard Law Review*, 813-833. Also see O'Brien, Peter (1978) "The International Trademark System and the Developing Countries" 19 *IDEA- The Journal of Law and Technology*, 89-122, at 91.

use of the maker's marks and marks of geographic origin of goods came to represent the new function of trademark that is, these marks became symbols of goodwill identified with a single source and origin.¹⁸

However, with the fall of the Roman Empire in the 5th Century, apart from few exceptions, evidence of the marking of goods declined if not disappeared.¹⁹ The decline in central authority and the lawlessness that spread after the fall of the Roman Empire facilitated such a demise of trademarks' role. Having said that, trade patterns continued throughout the Middle Ages so that by the 1100s, the great inland fairs of Champagne became the main markets for Europe.²⁰ Such fairs in which some of them used to last for six weeks at once presented a new approach of trading between countries and served as an annual conference for merchants to meet up and offer their products for sale.

The 12th and 13th centuries witnessed the re-emergence of the use of trademarks on almost all kinds of goods. The re-organisation of towns and urban centres coupled with the emergence of the guilds authority facilitated such use. Some commentators even believe that one of the first trademark laws was enacted during these times, referring to the Bakers Marking Law in 1266, which governed the use of stamps or pinpricks on loaves of bread in England.²¹ However, the modern use of trademarks became more apparent around the 16th and 17th centuries whereby, two kinds of marks were known at these times: The Proprietary Trademark and The Regulatory Production Mark.²² Before explaining these marks and their role, it is of great relevance to study the circumstances which led to the emergence of these marks into the public sphere.

¹⁸ Drescher, Supra 2, at 311. Also see in general Paster, Supra 14.

¹⁹ Pickering, Supra 2, at 37.

²⁰ Drescher, Supra 2, at 311.

²¹ Johnson, Supra 16. Also see Prager, Frank (1952) "The Early Growth and Influence of Intellectual Property" 34 Journal of the Patent Office Society, 106-140.

²² Schechter, Supra 17.

2.2 Trademarks in Medieval and Modern Times

The rise of the number of independent states in Europe and the expansion of regional trade necessitated the prevalence of a more organised framework of dealings between these countries. In each of these country's big cities, a group of guilds emerged and controlled trade and industry. Each guild was a federation or a union of master craftsmen, frequently established by some form of charter and had two main aims: to monopolise trade in a particular town or city and to promote and protect the interests of the guild collectively.²³ However, it is important to note that due to the territorial nature of trade in goods at the time, the guilds focused on regulating activities within the boundaries of their towns and states.

In these times, a large medieval city had many different guilds groups. There were separate guilds for carpenters, cart-wrights, and workers in wood. There were also various guilds for the various types of cloths, shoemakers, saddles and so on. The guilds also saw to it that all articles made by its members were honestly made according to the standards they set forth. Inspectors also examined all goods, and put the seal of the guild on those found satisfactory in respect to the quality of workmanship and material.²⁴ Such a seal is what may be referred to nowadays as a 'trademark'.²⁵ Its purpose was to identify the craftsman who had manufactured the goods so that the origin of any sub-standard product could be traced in cases of any default.²⁶

It is noteworthy to mention that the trademark in all these cases did not protect the individual craftsman since he did not even deal with the outside world; instead, the

²³ This was achieved by seeking equality in all matters between members of the guild, in particular with respect to the standards of workmanship and the amount of money which could be charged for goods, and at the same time prohibiting any form of advertising or competition either between members themselves or with other guilds belonging to different cities. For more see Drescher, *Supra* 2.

²⁴ Under these circumstances, the use of such a seal was obligatory rather than optional. In this regard Ladas concludes that Trademarks were "mostly obligatory and rarely voluntary". Ladas, *Supra* 16, at 4.

²⁵ For more on the history of guilds and their rise and fall see Magoffin R.V and Duncalf F (1993) *Ancient and Medieval History: The Rise of the Classical Culture and the Development of Medieval Civilization*, Chapter XX and Chapter XXI, and see Salzman, Louis (1970) *English Industries of the Middle Ages*. London, Pordes, and Lambert, Joseph (1891) *Two Thousand Years of Gild Life*. Hull, A Brown and Sons.

²⁶ See Pickering, *Supra* 2, at 37-41.

mark functioned as a reliable instrument which maintained and guaranteed the quality of the product.²⁷

From this, one can see that these marks functioned as a sort of consumer protection tool. But more importantly, such marks helped the guilds to control their monopolies and to prevent foreign goods from competing with them by regulating and controlling local trade. Accordingly, the mark represented the producer not the product and functioned as an instrument to serve primarily the interests of the guild.²⁸

From the above, it is evident that trademarks were not the real concern of the general law at these times, but rather a matter of personal interest to producers belonging to the same profession to regulate their economic activities. This was often referred to as “Guild Jurisprudence”.²⁹

In the 16th Century, when the guild's dominance on the economic activities started to dissolve and state intervention became more apparent, trademarks lost their economic foundation and, for a time, as Behrendt remarks “subsisted as legal phantoms only without anchorage either in the economic framework or the law system of the nation”.³⁰ However, a new type of trademark emerged at this time; a monopolistic type awarded by grants.

Such monopolies originated in Europe and were granted to encourage the introduction of new and unknown methods of production. Such monopolies differ from the

²⁷ For more see Bone, Robert (2004) “Enforcement Costs and Trademark Puzzles” 90 Virginia Law Review 8, 2099-2185.

²⁸ Accordingly, Schechter concluded that modern trademark law has two historical roots:

- 1- *The Proprietary Mark*: which was an optional trademark that used to be affixed to the goods by the owner for the benefit of the illiterate clerks or for other cases such as shipwreck and piracy. This mark was more of a merchant's mark rather than a craftsman's one, and accordingly it had nothing to do with the source or origin of the product rather than with the quality of the product.
- 2- *The Regulatory Production Mark*: this was a compulsory mark affixed to goods either by the virtue of statute, administration order and municipal or guild regulation. The purpose of this mark as mentioned earlier is to control the guild's activities in the local market so that defective goods could be traced back to their producer. This mark functioned as an indication of the origin and reflected the source of the goods. See Schechter, *Supra* 17, at 814.

²⁹ In this regard Schechter concludes that “protection of trademark originated as a police measure to prevent the grievous deceit of the people by the state of defective goods, and to safeguard the collective goodwill and monopoly of the guild. Schechter, *Ibid*, at 819.

³⁰ Behrendt, P (1961) “Trademarks and Monopolies: Historical and Conceptual Foundations” 51 Trademark Reporter, 855.

monopolies the guilds enjoyed; in essence they represent 'manufacturing monopolies' rather than the previous guilds 'selling monopolies'. Later, such monopolies were awarded on the basis of royal revenue, a practice that was often arbitrary and subject to abuse.³¹

The rise of the industrial revolution, the emergence of capitalism and the spread of consumerist ideologies in the 18th and 19th centuries were all important factors which postulated changes in all aspects of life. Producers had to adjust and keep pace with all these developments by directing their products to suit the emerging new realities. Accordingly, branding became a very important component in the industrial process. Trademarks shifted from being a liability to an asset representing a huge portion of a company's value, and, increasingly its biggest source of profits.³² This also required a change in the attitude regarding the way brands and trademarks were perceived and necessitated further protection by the state in order to protect and regulate the activities of producers.

Furthermore, such changes led to the evolution of an indirect relationship between producers and their customers as a consequence of the separation of dealings between them. Free trade and free market policies encouraged this as well. The development of new methods of communication and transportation added more emphasis on the need to expand more beyond the borders of one state. Moreover, the introduction and development of modern advertising techniques and large-scale retailing pressed governments to intervene to protect the interests of all parties involved in the marketplace. As a result of these developments, the protection of trademarks acquired an extra-territorial dimension.³³

³¹ For more see Prager, Frank (1944) "A History of Intellectual Property From 1545-1787" 26 Journal of Patent Office Society, 711-760.

³² For example, as early as 1924 the Dodge trade mark was sold for U.S. \$74 million; in the 1950s, the Maxwell House Coffee trade mark was said to be worth U.S. \$42 million; and, in 1992 Financial Week listed, as the world's three most valuable trade marks, Marlborough, worth U.S. \$31 billion, Coca-Cola, worth U.S. \$24 billion, and Budweiser, worth U.S. \$10.2 billion. See Lunsford, J (1974) "Consumers and Trademarks: The Function of Trademarks in the Market Place" 64 Trademark Reporter, 75, at 81, UNCTAD (1980) "Trade Marks and Developing Countries" 14 Journal of World Trade Law 1, 80-89, at 83, and Wilkins, Mira (1992) "The Neglected Intangible Asset: The Influence of the Trade Mark on the Rise of the Modern Corporation" 34 Business History 1, 66-95.

³³ See Derenberg, Walter (1961) "Territorial Scope and Situs of Trademarks and Goodwill" 47 Virginia Law Review 5, 733-750 and Long, Doris (2002) 'Unitorial' Marks and the Global Economy" 1 John Marshall Review of Intellectual Property Law, 191-217.

Before discussing trademark protection under the various national legal frameworks, it is important to note that some similarities and differences can be drawn between modern trademarks and those medieval trademarks. In this respect they are similar in the fact that they represented a pre-existing monopoly and the trademark was only its adjunct, created to permit its enforcement.³⁴

However, on the other hand they differ in the following:³⁵

- 1- Modern trademarks are not compulsory unlike medieval trademarks where producers had to attach them to their products if they belonged to a certain profession.
- 2- Modern trademarks are not aimed at identifying ownership or proprietorship of the product but rather to identify the origin and goodwill of such products.
- 3- Modern trademarks are considered as a great asset to their owner while medieval trademarks were considered more of a liability.

2.3 Trademark Protection in the National Framework

Trademark protection had its foundations before the introduction of specific trademarks laws and regulations. For example, in the United Kingdom, initially the protection under the common law was towards awarding damages in cases of deceit and fraud³⁶ thus requiring consistently the labelling products to indicate source and origin of the products.³⁷

³⁴ Behrendt suggests that the relation between trademarks and monopolies has existed for a long time. He also concludes that trademarks were used as a means of enforcing these monopolies. Behrendt, *Supra* 30, at 856.

³⁵ UNCTAD Secretariat (1977) *The Impact of Trade Marks on the Development Process in Developing Countries*. TD/B/C, 6A/C 3.3, at.2.

³⁶ Cornish, William (1996) *Intellectual Property*. London, 3rd Edition, Sweet and Maxwell, at 517. Moreover, Bently and Sherman explain that "when intellectual property law first took shape in the 1850s, or thereabouts, trade mark law was not recognised or indeed even considered as a possible candidate for inclusion. This is unsurprising given that modern trade mark law, as we understand it today, did not really exist at the time, although the courts did provide protection for 'common law marks'". See Sherman, Brad and Bently, Lionel (1999) *The Making of Modern Intellectual Property Law: The British Experience, 1760-1911*. Cambridge, Cambridge University Press, at 166.

³⁷ Bently and Sherman remark "...the courts held that if another trader were allowed to use the same sign, this would allow a fraud to be committed on the public". Bently, Lionel and Sherman, Brad (2004) *Intellectual Property Law*. London, 2nd Edition, Oxford University Press, at 695.

However, case law awarded protection against the imitation of marks from the early days of industrialisation.³⁸ Initially, protection was awarded under the Common Law through the action for deceit. Later on, the Courts of Chancery started to apply the action for ‘passing off’ to protect traders who had developed a reputation or ‘goodwill’ through the use of a particular sign or symbol. Accordingly, the early basis for protection was misrepresentation or what was later referred to as the “tort of passing off”.³⁹

The second half of the 19th Century witnessed the introduction of modern trademark laws and codes. As Ladas suggests in this regard that “prior to 1850 the cases are rare, and protection was not always afforded”.⁴⁰ France enacted its first Trade Marks Law in 1857, the United Kingdom’s Merchandise Marks Act came into existence in 1862 and the first British Registration System was approved in 1875. Moreover, the United States enacted its first Trade Marks Law in 1870.⁴¹ As a consequence, in 1900 all the countries that are now considered to be developed market-economy countries and practically all-former Socialist Countries (Eastern Europe) had trademark laws and regulations.⁴² Moreover, some of today’s most famous trademarks were established in the last decade of the 19th Century such as *Quaker* in 1895, *Coca Cola* in 1886 and *Kodak* in 1888.⁴³

Regardless of any differences that may have existed at the time between these countries and their regulation and protection of trademarks, it is important to mention that they shared the same ‘territorial’ vision about such regulation and protection. This meant that the protection of intellectual property in general, and the protection of

³⁸ See *Sykes v. Sykes* (1824) 3 B C 543; 107 ER 834 and *Perry v. Truefitt* (1842) 6 Beav 66; 44 ER 749.

³⁹ For more on passing off see Morison, William (1956-1958) ‘Unfair Competition and Passing Off: The Flexibility of a Formula’ 2 *Sydney Law Review*, 1956, 50-65. Also see Spence, Michael (1996) ‘Passing Off and Misappropriation of Valuable Intangibles’ 112 *Law Quarterly Review*, 472-498.

⁴⁰ Ladas, Supra 16, at 8.

⁴¹ Although the United States enacted its first Federal Trade Mark Legislation in 1870, attempts to regulate trademarks at an earlier stage existed. It has been said that President Jefferson urged the adaptation of laws governing trademarks because of a dispute over sailcloth marks in 1791. Some states, such as Michigan, went further by passing their own trademark laws, which required marks to indicate the origin of timber in 1842. For more see Prager, Supra 31.

⁴² UNCTAD, Supra 35, at 3.

⁴³ See UNCTAD, Ibid, at 2.

trademarks in particular were considered only within the geographical territory of the sovereign state, which granted the rights in the first place.⁴⁴

The growth of business activities in the 20th Century demanded more changes to the economic and legal environment in so many ways and spectra. Trademark law was no exception. The advent of branding and advertising, the growing importance of cross-border trade activities and the emergence of multinational corporations and licensing agreements were all factors contributing to this change in the nature of trademark functions and legal protection. Therefore, it was the logical outcome to see countries indulging in a very active process of legal modernisation through the subsequent amendments and modifications to trademark laws and regulations in order to accommodate the new economic and legal realities on both the domestic and the international level. A clear example of this trend is England where the Merchandise Marks Act of 1862 was revised in 1887 and was supplemented with several amendments until the introduction of the Trade Descriptions Act of 1868 and then the 1905 Trade Marks Act which marked the beginning of a modern system of dealing with trademark protection by shifting the basis of protection from 'use' to registration. Moreover, the 1938 Trade Marks Act remained in force until it was replaced in 1994 by the Trade Marks Act of 1994 where extensive changes were introduced into the UK legal system. Such a pattern was also echoed in other countries such as the US, France and Germany.

2.4 Trademark Protection under the International Framework

Due to the changing nature of IPRs as a result of becoming increasingly extra-territorial and the urgency to regulate matters emanating from practical realities, the need for more recognition and cooperation in this field at the international level became ever more demanding. Such a process, was complemented by the rising

⁴⁴ See Drahos, Peter (1997) "Thinking Strategically About IPRs" 21 Telecommunications Policy 3, 201-211.

number of bilateral treaties and arrangements which established some of the main principles that later came to represent the cornerstone of international cooperation.⁴⁵

Accordingly, provisions related to industrial property and in particular to trademarks protection started to emerge in several bilateral, regional and international agreements. Early example of regionalism in this field are the Montevideo Conventions of 1889 which dealt with patent and trademark protection, involving several countries including Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay. An active Pan-American cooperation in this field was evident during the 1920s which resulted in a number of regional agreements in this regard such as the Pan-American Trademark Convention of 1923 and the Pan-American Trademark Conference of 1929.⁴⁶ The Andean Community pact concluded in 1969 is also another sub-regional organisation, which is made up of five member countries and has an up-to-date intellectual property framework, based mainly on the TRIPS agreement requirements⁴⁷.

Additionally, IPRs were also included and incorporated within some of the major modern economic and political regional agreements such as the European Community (EC), and the North American Free Trade Agreement (NAFTA).

A number of agreements were also concluded at the international level. An early example is the Paris Convention on Industrial Property.⁴⁸ This Convention, which concluded in 1883, adapted the principles of 'National Treatment'⁴⁹ and 'Priority Period'⁵⁰ regarding the protection of trademarks. It also acknowledged the

⁴⁵ See Treaty of Commerce between Great Britain and Russia December 31- January 12, 1859, and The Declaration of October 24, 1877 between the United States and Great Britain for the Protection of Trademarks.

⁴⁶ See Ladas, Stephen (1975) *Patents, Trademarks, and Related Rights: National and International Protection*. Cambridge, Mass, Volume 3 Harvard University Press, Chapter 46, and Drahos, Peter (1999) "Intellectual Property and Human Rights" 3 *Intellectual Property Quarterly*, 349-371, at 356.

⁴⁷ The pact includes Bolivia, Perú, Colombia, Ecuador, and Venezuela.

⁴⁸ Paris Convention for the Protection of Industrial Property, March 20, 1883 [hereinafter Paris Convention/Agreement].

⁴⁹ National Treatment means "Nationals of any country of the convention are to enjoy in all member countries of the convention the same protection as is granted to nationals of such members". See Paris Convention, Article 2.

⁵⁰ Under this, "Nationals of one of the member countries, by applying in one country of the convention for registration are given a period in which to apply in any other country of the convention, if they applied in this period, these applications by the same applicant are deemed to have been made on the same dates as the original application". See Paris Convention, Article 4.

independence of filing and registration systems in each member country of the agreement.

Though the Paris Convention was a major step towards greater recognition of trademark protection internationally at the time, more was deemed necessary in this area. Therefore, in 1891, the Madrid Agreement was concluded.⁵¹ Its main concern was the international registration of trademarks, whereby an applicant can extend his trademark protection in all or some selected member countries of the agreement by depositing an international registration with an international office.⁵²

The General Agreement on Tariffs and Trade (GATT)⁵³ excluded the protection of intellectual property from its ambit. At the time, member states agreed upon such exclusion, due to the lack of political will of some countries to commit themselves to any obligations related to IPRs and the belief that GATT should be dealing with other priorities at the time. However, this is not to say that GATT did not have a number of provisions dealing with IPRs and unfair competition protection.⁵⁴

As the number of member states to these international agreements grew, the need for a more organised effort to run and administer such arrangements rose. In this regard, the World Intellectual Property Organization (WIPO) was established in 1967.⁵⁵ Its main concern was to administer multilateral agreements related to IPRs including the Paris, Berne and Madrid Conventions. WIPO has been very active in research and regional and international programmes and reports concerning IPRs. It also plays a big role in assisting developing countries in establishing and upgrading their own regimes of intellectual property protection.⁵⁶

⁵¹ Agreement of Madrid for the International Registration of Trademarks, 14 April 1891 [hereinafter the Madrid Agreement].

⁵² The Madrid Agreement was later subject to subsequent amendments and additions in which the last was the Madrid Protocol in 1989. For more see Cornish, *Supra* 36, at 521-523.

⁵³ The General Agreement on Tariffs and Trade, Oct 30, 1947 [hereinafter GATT].

⁵⁴ See Chapter 3.

⁵⁵ [Hereinafter WIPO].

⁵⁶ Trebilcock, Michael and Howse, Richard (1995) *The Regulation of International Trade*. London, 2nd Edition, Routledge, at 258-259. Also see Mossinghoff, Gerald and Oman, Ralph (1997) "The World Intellectual Property Organisation: A United Nation's Success Story" 79 *Journal of Patent and Trademark Office Society*, 691-699.

Although one cannot deny the role these agreements and organisations played in increasing the recognition and protection of IPRs generally and trademarks particularly at the international level, it is noteworthy to mention that the most important agreement concluded up-to-date in this field was the Trade Related Aspects of Intellectual Property Rights Agreement referred to as 'TRIPS',⁵⁷ which was negotiated and concluded in the Uruguay Round of negotiations in 1994, which also established the WTO.⁵⁸ The Agreement included an extensive set of provisions protecting patents, copyrights, trade secrets, industrial design, geographical indications and trademark rights and provided ways for their effective enforcement.

The TRIPS Agreement adopts the principles of National Treatment⁵⁹ and Most Favoured Nation (MFN)⁶⁰ and provides minimum standards of protection. Insofar as trademark protection is concerned, TRIPS sets out detailed provisions about registration and enforcement for these rights. In doing so, TRIPS also recognises the requirements as set out by the Paris Convention and cross-refers to those provisions at a number of points, supplements some of them in significant respects and imposes its own obligations in addition.⁶¹ The agreement also extends the protection to service marks as well as trademarks.⁶²

2.5 Trademarks in Developing Countries

Historically, the protection of IPRs in developing countries has often been viewed sceptically. Emanating from a clear lack of comparative advantage in this field and those countries' engagement with other pressing national needs and priorities, developing countries often evaded incorporating and implementing stronger levels of

⁵⁷ [Hereinafter TRIPS Agreement]. For an overview see Leebron, David (1996) "An Overview of the Uruguay Round Results" 34 *Columbia Journal of Transnational Law* 1, 11-35.

⁵⁸ The Agreement Establishing the World Trade Organisation, Dec 15, 1993 [hereinafter WTO].

⁵⁹ TRIPS Agreement, Article 3.

⁶⁰ Ibid Article 4.

⁶¹ TRIPS Agreement, Article 2.1 states "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)" and Article 2 (2) provides "Nothing in Parts I to IV of this Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits".

⁶² TRIPS also extend to the Paris Convention provision on the protection of Well-Known marks to service marks and to cases of dilution by use for different goods and services where that use is damaging. For a discussion on this see Cornish, Supra 36, at 523.

IPRs protection.⁶³ Often viewed as vehicles for western based giant-multinational corporations and accused of hindering the acquisition of high-technology and causing a form of economic and cultural dependence,⁶⁴ the attack on intellectual property was, and remains, a fierce one.⁶⁵

However, it is noteworthy to point out that the protection of trademarks in developing countries is viewed with lesser levels of criticism and hostility when compared with the protection of patents and copyrights.⁶⁶ However, the protection of patents and copyrights in those countries is often more controversial due to their direct effect and affiliation with issues of moral and national importance to those countries, such as health, medicine, poverty and human rights.

Statistical and empirical data is also supportive of this view. Growth of trademark registrations worldwide was also echoed by a remarkable growth in developing countries' registrations and ownership of trademarks globally. Accordingly, the number of trademark registrations worldwide increased 2.6 fold from about 420 000 in 1981-82 to 1.1 million in 1994-95. Notably, the share of developing countries' trademark registrations was higher in the field of trademarks than any other branch of

⁶³ Primo-Braga, Carlos (1996) "Trade-Related Intellectual Property Issues: The Uruguay Round Agreement and its Economic Implications" in Will, Martin and Winters, Alan (eds), *The Uruguay Round and the Developing Countries*, Cambridge, Cambridge University Press, 341-379. Primo-Braga, Carlos (1989) "The Economics of IPRs and the GATT: A View From the South" 22 *Vanderbilt Journal for Transnational Law* 2, 243-264. Correa, Carlos (2000) *IPRs, the WTO and Developing Countries: The TRIPS Agreement and Policy Options*, Zed Books, Third World Network. For more on Trademarks in developing countries see Patel, Surendra (1979) "Trademarks and the Third World" 7 *World Development*, 653-662, Chudnovsky, Daniel (1979) "Foreign Trademarks in Developing Countries" 7 *World Development*, 663-682 and UNCTAD, Supra 32.

⁶⁴ Goldman, Eva (1986) "International Trademark Licensing Agreements: A Key to Future Technological Development" 16 *California Western International Law Journal*, 178-204, at 179.

⁶⁵ Leaffer comments by stating that "The rationale arises from a general perception in developing countries about priorities related to the pressing needs of economic development....they view the importation of intellectual property as a tool of western economic domination and exploitation in much the same way that the importation of capital from abroad is viewed". Leaffer, Marshall (1998) "The New World of International Trademark Law" 2 *Marquette Intellectual Property Law Review*, 1-31, at 4. Also see Klein, Supra 7, UNCTAD, Supra 35, and Cornish, William and Philips, Jennifer (1982) "The Economic Function OF Trade Marks: An Analysis with Special Reference to Developing Countries" 13 *IIC*, 41-64, at 41, and Greer, Douglas (1979) "The Economic Benefits and Costs of Trademarks: Lessons for the Developing Countries" 7 *World Development*, 684-703.

⁶⁶ Ryan states in this regard "Developing countries tend to accept the institutional utility of trademark law even if they lack the political capacity to enforce these rights in their marketplaces". Ryan, Michael (2002) "Knowledge-Economy Elites, the International Law of Intellectual Property and Trade, and Economic Development" 10 *Cardozo Journal of International Comparative Law*, 271-303, at 273. Also, this may be attributed to several factors mainly related to the fact that trademarks often require lesser levels of technological advancement and innovation when compared to other types of IPRs such as patents and copyrights.

IPRs.⁶⁷ This suggests an increased interest on the part of developing countries to preserve and enhance the protection of their trademarks nationally and globally.⁶⁸ This is also consistent with the growing calls suggesting that developing countries are most likely to benefit more by differentiating themselves through investing in brands rather than new technologies and other types of IPRs.⁶⁹

For developing countries, as well as the rest of the world, the legislative protection of trademarks is a fact of life. Moreover, the increased accession by a large number of developing countries to the membership of the WTO and its TRIPS Agreement obliges these countries to strengthen and enhance the protection of IPRs including the protection afforded to trademarks. In addition, the growing tide of bilateral trade and investment agreements is also expanding the boundaries of IPRs protection beyond the prescribed levels of the TRIPS Agreement hence creating the so-called 'TRIPS-Plus' effect.⁷⁰

Although growing in importance, one may realise that few developing country trademarks have made it into the global arena. One may also realise the absence of any national active export promotion policy in developing countries in which trademarks and brands are included. This may be attributed to several factors. First, the majority of developing countries export production lies in the field of commodities where such products are usually sold without using trademarks. Second, the growing share of foreign well-known trademarks in developing countries' domestic markets has a negative effect on the development of branded export products in these

⁶⁷ About 32% of domestic trademark registrations granted in 1994-1995 belonged to developing countries; an increase of 5% from the previous decade. However, less than 5% of worldwide patents granted in 1994-1995 belonged to developing countries. See UNCTAD, *Supra* 35, and Primo-Braga, Carlos and Fink, Carsten (1998) "Reforming IPRs Regimes: Challenges for Developing Countries" 1 *Journal of International Economic Law*, 537-554. Noticeably, the largest field of trademark registrations in developing countries were in the field of pharmaceutical drugs. See Patel, *Supra* 63, at 658.

⁶⁸ However, caution must be exercised regarding these provided figures for trademark registration. Since the same trademark could be registered in more than one country at the same time therefore making it difficult to ascertain the accurate figures. Thus some estimates that only 15% of registered trademarks worldwide are owned by developing countries. In addition, it is important to differentiate between the number of trademark registrations and the value of each trademark registered; in which most trademarks owned by developing countries are of a much lower market value than most trademarks owned by the industrialised countries. O'Brien, *Supra* 17, at 114. Also see Baroncelli, Eugenia, Fink, Carsten and Javorick, Beate (2003) *The Global Distribution of Trademarks: Some Stylised Facts*. Washington, Report presented to the World Bank.

⁶⁹ See Baroncelli, Fink and Javorick, *Ibid*.

⁷⁰ The TRIPS-Plus phenomenon will be explained extensively in other parts of this thesis.

countries. This is so because those countries would not be able to compete with foreign owned trademarks in maintaining their share in the domestic market. Third, developing countries' firms are poorer in resources than their counterparts in the industrialised countries, making any attempt to advertise and market any trademarks in these countries a very difficult and costly task.⁷¹ Finally, the endemic lack of planning, awareness and negative image about the importance and benefits of these rights in developing countries removes the debate on these rights away from the national frontline agenda.

The next part of this chapter will discuss the rationale behind the protection of trademarks and will provide an analysis of the TRIPS-Plus notion in the field of trademarks.

3. The Rationale of Trademark Protection and the TRIPS-Plus Regime

Rationalising trademark protection is a field that has attracted a considerable amount of attention. Researchers and practitioners advocated extensively their theories as to what should be considered as the real basis for the rationale behind the protection of trademarks. Judges practiced their authority and indulgence in interpreting the law to protect the integrity of trademarks and to protect the interests of the consumers aiming and trying to strike a balance between all these conflicting interests.

Understanding the rationale behind trademark protection is an issue of great importance. By doing so, one can define and draw the scope of the protection that should be granted under the provisions of the law. In addition, justifying this protection is also vital from the social and economic point of view especially in defending the whole concept behind the protection of trademarks against all conflicting theories and criticisms. Most importantly, such an understanding may prove vitally important in providing the basis of changing the law and in aiding and

⁷¹ See UNCTAD, Supra 35. Also see generally O'Brien, Supra 17.

persuading the courts and judges to adapt to the surrounding evolving economic and social environment.

It is impossible to define the rationale of trademark protection without referring to the practical functions of trademarks. However, it is important to realise that the extension of the trademark functions is emerging as a result of trademark owners' efforts to push for greater protection levels even beyond those levels prescribed under the major international agreements.⁷² My starting point in this regard is the discussion of the trademark main functions.

3.1 The Functions of Trademarks

Trademarks serve and perform a variety of functions. The extent of influence that one or more of these functions exerts is often reflected by the scope of legal protection granted by the law of trademarks. However, trademark functions could be classified into two types; legal and economic functions.

The legal function of trademark protection as recognised in the majority of today's legal statutes lies in the fact that a trademark is a consumer protection tool which identifies the origin and source of a product. However, the economic functions of a trademark suggests that a trademark is a tool guaranteeing the quality of a product. In addition, it is also suggested that a trademark through its advertising function represents an investment worthy of protection in itself therefore separating it from the actual product.

Although there are several functions a trademark may perform, there is an evident lack of consensus on what should be the sole function of a trademark. In fact, some of the recent developments in this field indicate that efforts by trademark owners aimed towards expanding the protection of trademarks beyond the traditional boundaries of

⁷² In this pattern, I recall Lord Templeman's famous remark in the case of Coca Cola's trademark, where he refused registration for the shape of the Coca Cola bottle to curb the monopoly that trademarks could engender. He stated that "This is another attempt to expand the boundaries of intellectual property and to convert a protective law into a source of monopoly". See *Coca-Cola Trademark Application* [1986] 1 WLR 695...90, 773.

protection is re-shaping this field of law. This is also supplemented by the ongoing changes in the economic and social environment surrounding the use of trademarks and brands on both national and international levels.⁷³

Legal scholars and economists provided various explanations and views about what should be the best rationale to award trademark protection. Some of these views are more established and widely supported than others and accordingly these are the functions that will be dealt with extensively in this chapter. However, it is worth reviewing some of the less popular rationales and justification in this context, they include the following:

First, trademarks play a significant role in enhancing the linguistic stock of words and expressions. This can be done by increasing the stock of names of things, thus economising on the communication and information costs. They also help to create new generic words and they also enrich the language by creating words or phrases that people value for their intrinsic pleasure as well as their informational value.⁷⁴

Second, trademarks may also serve as a differentiation tool by identifying one seller's goods or services and distinguishing them from goods or services sold by other producers.

Others may suggest that trademarks may serve as a method to build goodwill and reputation for products and therefore should be protected⁷⁵ while economists believe that economic efficiency and protecting the producer's creativity should be used as the only sensible rationale for the legal protection of trademarks.

⁷³ Trademark protection may also be influenced by the law of unfair competition. In conjunction with this, the law of unfair competition has often been described as a very flexible tool of law in reference to its ability to accommodate all the developments and changes occurring in this field. Indeed in this regard I recall Schechter's opening in his article on the rationale of trademarks protection to demonstrate this fact by stating that "there is no part of the law which is more plastic than unfair competition, and what was not reckoned an actionable wrong 25 years ago may have become such today". Schechter, *Supra* 17, at 813.

⁷⁴ Landes, William and Posner, Richard (Oct 1987) "Trademark Law: An Economic Perspective" 30 *The Journal of Law and Economics* 2, 265-309 at 269. Also see Dreyfuss, *Supra* 2.

⁷⁵ Cornish and Phillips. *Supra* 65.

As can be seen, a trademark may serve one or more functions depending on the manner within which they are deployed. Furthermore, it is evident that these functions are intertwined with each other and bear many similarities.⁷⁶ However, popular rationales for trademark protection could be summarised in the following:⁷⁷

- 1- An indicator of origin (the origin function).
- 2- An indicator of quality (the quality or guarantee function).
- 3- An investment (the advertisement function).

Before examining these functions, it is important to keep in mind the classification of these three functions into two categories; hence the first function, is said to represent the legal function of a trademark, while the second and third functions represent the recognised 'economic functions' of a trademark.⁷⁸

3.1.1 The Origin Function

The source-denoting function of the trademark is considered to be one of the oldest functions recognised in law. Often referred to as the 'essential function',⁷⁹ this function professes that a certain product or service originates from a certain and definite source, or is in some way connected to that source. This also means that a trademark has a role as an informative tool about the source of a certain product, which also facilitates the creation of a tie between the brand and the product, a concept often referred to as 'conceptualisation'.⁸⁰

⁷⁶ See Cornish, William (2004) *Intellectual property: Omnipresent, Distracting, Irrelevant?* London, Oxford University Press.

⁷⁷ Such a classification has often been adopted by a number of scholars including Cornish. See Cornish, *Supra* 36.

⁷⁸ Beier, Friedrich (1970) "Territoriality of Trademark Law and International Trade" 1 *IIC*, 48, at 63.

⁷⁹ The European Court of Justice refers to this as the 'essential function' of a trademark. The ECJ stated that "The essential function of a trademark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin". *Arsenal Football Club Plc v. Mathew Reed C-206/01[2003] ETMR 19, 34 IIC 542 (2003)*. For more see Beier, *Ibid* and Simon, Ilanah (2005) "How Does 'Essential Function' Doctrine Drive European Trade Mark Law?" 36 *IIC* 4, 401-420.

⁸⁰ Sanders, Anselm and Maniatis, Spyros (1993) "A Consumer Trade Mark: Protection Based on Origin and Quality" 11 *EIPR*, 406-415.

Although this function has long been acknowledged, one can see that the proponents of this function have different interpretations and views as to how this function should be deployed and implemented. As Cornish concludes, this function can be understood in two different ways.⁸¹ Accordingly, supporters of a limited and cautious approach to trademark protection believe that law should only be concerned with this origin function as it means telling consumers specifically where goods or services originate. This orthodox opinion rules out any other functions a trademark may perform as irrelevant and unworthy of protection.⁸²

Indeed the drafters of the TRIPS Agreement took into consideration this vital function. Hence, TRIPS incorporates this function in its definition of a trademark by stating that, “Any sign, or any combination of signs, *capable of distinguishing the goods or services of one undertaking from those of other undertakings*, shall be capable of constituting a trademark”.⁸³

In addition, courts in both the United States and some European countries have for some time, recognised the orthodox definition of the essential function of trademarks. For example, in the United States in the case of *Hanover Star Milling Co. v. Metcalf*,⁸⁴ the judge concluded that the purpose of a trademark is “to identify the origin or ownership of the goods to which it is affixed”. The European Court of Justice (ECJ)⁸⁵ in its rulings in several cases including *Sirena*, *Hag I* and *Hag II* echoed this position.⁸⁶

⁸¹ Cornish, *Supra* 36, at 529-530.

⁸² Another looser usage of this function is advocated as to distinguish one line of goods or services from another in the market, in cases where consumers have no interest in source as such, but only as the key to certain qualities. Such opinion keeps the possibility open for other functions of the trademark to be used as a new basis for the protection of trademarks as long as they are used in conjunction with the established origin function. Accordingly, the origin function should be used as the starting point for awarding the appropriate legal protection for trademarks.

⁸³ TRIPS Agreement, Article 15.1. [Emphases added].

⁸⁴ 240 U.S. 403, 412 (1916).

⁸⁵ [Hereinafter ECJ].

⁸⁶ For instance, in the case of *Hag I* (*Van Zullen v. Hag*), in which the 'Hag' trademark for decaffeinated coffee, originally held by a single enterprise in Germany and Belgium, had passed into Belgium into entirely separate ownership as a measure of wartime confiscation. The original common ownership of the mark was held to entitle the German producer to market his market product in the Benelux territories. Reflecting a disdainful view of the purpose and value of marks, the court indicated that other means must be found for informing the Benelux public that they were obtaining the German, and not the Belgium product. Further, in *Hag II* (*CNL- Sucal v. Hag GF*), the ECJ emphasised the fact that trademarks are necessary indicators of the source of goods and services and accordingly the court held that the Belgian business had no right to enter into the German market, because in that territory the mark designated the German enterprise. (1974) E.C.R. 731, (1990) E.C.R. I-3711, and see *Beier*,

Though some consumers may still not know the exact origin or source of a product, the origin function may still function properly in a broad sense if consumers were able to know that two products or more bearing the same trademark come from the same source and origin.⁸⁷

Although this function has been established for some time, Schechter concludes that it only became compulsory under trademark laws after the introduction of the Regulatory Production Mark that designated the origin of the mark around the 18th and 19th centuries.⁸⁸

Furthermore, the historical roots of this function were influenced by the legislature's deep interest and concern over fighting imitation and piracy. Therefore, the main rationale behind this function is the protection of consumers against confusion of the source of the trademark.

The need to look deeper into this function has led to the evolution of a new function for trademarks that is the quality function. In modern times the concept of a trademark as a quality indicator gained ground and increasingly trademarks were viewed as vehicles conveying information about the quality of products. Consumers became interested in the origin factor as a reflection of expectations about the quality of the product rather than its origin.⁸⁹ Subsequently, the next part of this chapter will examine what is meant by the quality function of a trademark.

3.1.2 The Quality (Guarantee) Function

The trademark quality function or as some refer to it as the "guarantee function" is relatively a new concept in the field of trademark legal protection. It emerged as an

Friedrich (1995) "The Development of Trademark Law in the Last Twenty-Five Years" 26 *IIC*, 769-781, at 770.

⁸⁷ Indeed in the *Hag II* case the definition of 'origin' was stretched to mean that products with the same origin may come from various different sources and may be produced by a variety of companies or entities, provided that one company is in overall control of their introduction to the market. See *CNL-Sucal v Hag (Hag II) Case C-10/89 [1990] 3 CMLR 571; [1990] ECR I-3711*.

⁸⁸ Schechter, *Supra* 17, at 814.

⁸⁹ For more see Cornish and Philips, *Supra* 65.

outcome of trademarks' response to the changing socio-economic conditions. The evolution of new ways of trade, marketing, and conducting business also facilitated this change in the functions of a trademark.⁹⁰

This function indicates that a trademark symbolises qualities associated by consumers with certain goods or services and guarantees that the goods or services measure up to expectations.⁹¹ Some have a broader interpretation of this function by suggesting that a trademark guarantees consistency of the product rather than its quality.⁹² Therefore, the value of consistent quality is the main reason why a trademark is worthy of legal protection because this element will supply the consumer with the 'differentiation' or 'identification' factors sufficient to assist the consumer to buy a certain product or to decline dealing with it because it does not measure up to their expectations.

Schechter, who concluded, "the true functions of the trademark are, then, to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public", also recognised the importance of this function.⁹³ He also concludes that this quality function coupled with the importance of protecting the trademark's reputation and goodwill should be the main basis for that legal protection. Some go as far as suggesting that this function should be the main and only function of trademark protection because of its practical and economic considerations.

In defending this function some argue that each product has observable and unobservable features and characteristics.⁹⁴ An observable feature is that which a consumer can test instantly or without due difficulty. Most products share one

⁹⁰ Although limited in number, there have been a number of cases which recognised the 'quality function' of trademarks. For example, in *Scandecor Development AB v Scandecor Marketing AB*, it was held by the House of Lords that "the potential for would be reduced by the fact that if a trade mark owner did not take an interest in the quality of the goods produced by a particular licensee, the value of his brand would diminish". *Scandecor Development AB v Scandecor Marketing AB*, [2002] F.S.R 122. For an older reference see *John Andrew v Kuechrich*, [1913] 30 R.P.C 677 at 695.

⁹¹ Cornish, Supra 36, at 530.

⁹² As Diamond suggests, "a trademark does not necessarily guarantee good quality, what it does guarantee is consistency". See Diamond, Sidney (1975) "The Historical Development of Trademarks" 65 *Trademark Reporter*, 265, at 289.

⁹³ Schechter, Supra 17, at 818.

⁹⁴ The notion of quality is a relative one. People have different expectations and accordingly what may satisfy a certain group of consumers may not satisfy another. Guaranteeing a consistent quality is an important element in the purchasing process for consumers. By differentiating between products according to their quality, consumers will benefit from their previous experiences or from recommendations made to them by others by either buying a certain product or simply avoiding it. For more see Economides, Supra 3.

common observable feature at least; that is the trademark. Unobservable features on the other hand, require more effort in the testing process and cannot be detected easily.

Accordingly, in any market, it is often the case that producers have more knowledge and information about products, especially the unobservable features, than consumers. This concept is referred to as “information asymmetry”. Hence, since unobservable features are much harder to attain and detect than other observable ones, which can easily be duplicated, they play a bigger role in determining the price of the product. Thus, economic theory suggests that if trademark protection did not exist, producers would invest more in producing products with the best observable features and least unobservable features in order to maximise profits. On the other hand, if trademarks enjoyed the appropriate legal protection, producers will compete and invest more to produce higher quality products reflecting more on the unobservable features of these products.⁹⁵

This quality function has other useful benefits as well. As a result of trademarks ‘informational value’, a trademark may convey information directly or indirectly. Depending on the consumers and their repetition process of buying a certain product, a trademark may convey information indirectly when dealing with an infrequently purchased product. Hence, when a consumer wants to purchase an infrequent product, but is unsure or unaware of its quality, and he identifies a trademark which is renowned for its quality in another sector, this may make the purchasing process a much easier one for the consumer since a slight comparison with the quality of other products by the same manufacturer will help him to make the decision as to whether to buy the product or to avoid it.

A consumer may ask friends for an opinion or try to do some research in an attempt to identify the unobservable features of a certain product he is about to buy, which he does not know much about or does not deal with frequently. At the same time, it may be a very difficult process to gain a consensus with regard to the quality of a certain product by all consumers and therefore opinions may vary from one consumer to another, something that can only confuse the consumer more. But if the producer had

⁹⁵ Economides states, “The economic role of the trademark is to help the consumer identify the unobservable features of the trademarked product”. Economides, *Ibid*, at 526.

a reputable product in another field, and at the same time manufactures the product the consumer is about to buy, but questions its quality, this may make the purchasing process a much easier one for the consumer since a slight comparison with the quality of other products by the same manufacturer will help him to make the decision as to whether to buy the product or to avoid it. As can be seen, this indirect comparison facilitates the mitigation of losses the consumer might be subject to.

Unfortunately, emphases on the quality guarantee function have been absent from today's legal doctrines and legislations. This is also clearly the case under the TRIPS Agreement.⁹⁶ Although the TRIPS Agreement pays heed to the origin function of trademarks, it fails to take into account this valuable function of trademarks. In this regard, the TRIPS Agreement provides no legal obligation on trademark owners to provide products to consumers that are of a certain quality standard.

3.1.3 The Advertisement (Investment) Function

The advertising function for the trademark or as some may refer to it as the 'investment function',⁹⁷ could be seen as a cumulative result of its origin and quality functions. Accordingly, the advent of branding, franchising and marketing played a pivotal role in the evolution of this trademark and brand function.⁹⁸

This function is based on the notion that trademark owners are spending and investing resources to create and promote the goodwill and reputation of their trademarks thus legal protection should be awarded to their trademarks and brands as an 'investment' tool. In this regard, marketing and advertising are fundamental to the functioning of trademarks as a vehicle for passing information to consumers.

⁹⁶ TRIPS Agreement, Article 51.1.

⁹⁷ See Cornish, *Supra* 36.

⁹⁸ In this regard, Pickering refers to branding as "The name used to identify a type of product made by a particular manufacturer, which can in fact be seen as the final stage in the process whereby goods or services are presented to customers". On the other hand, marketing is concerned with the development and implementation of strategies for moving products from producers to consumers in a profitable fashion. Accordingly, branding and marketing join forces to achieve and fulfil their required goals by the use of promotion and advertisement of trademarks and brands. For more see Pickering, *Supra* 2, at 41.

Advertising depends on the comparison between various producers and products hence its reference as 'comparative advertising'. Comparative advertisement may also tend to associate or to differentiate between two or more products. For example, where price competition between products exists, advertising may tend to compare prices; where other competitive features exist, advertising may tend to emphasise that there are certain aspects of differentiation between these products thus favouring one of them against the other.⁹⁹

In today's globalised world, the need for producers to reach out to consumers in different countries is pivotal. Accordingly, there has been a shift from dealing with well-known producers to dealing with well-known products. Moreover, the rise of self-service retail shops and the emergence of new manufacturing and distribution methods changed the way of conducting business.¹⁰⁰ Accordingly, the rationale behind advertising suggests that comparative advertising complements the shortage of information in the marketplace by providing and supplying consumers with the information they need in order to help them in making their purchasing decisions.¹⁰¹

The evolution of advertising practices therefore was the natural conclusion for such circumstances. In the mid-1980s, management theorists argued that successful corporations must primarily produce brands, as opposed to products.¹⁰² In this regard, the Report of the EC Committee on the Environment, Public Health and Consumer

⁹⁹ Spink and Petty comment by stating that "comparative advertising involves the explicit or implicit exploitation of a well-known rival product in the context of an assertion of the superior qualities of the advertised product". Spink, Paul and Petty, Ross (1998) "Comparative Advertising in the European Union" 47 *International and Comparative Law Quarterly*, 855-876, at 855.

¹⁰⁰ As Chandler remarks "Thus standardised manufacturing and centralised distribution, both of which in turn are dependent on numerous interrelated technological innovations are really the heart of modern trademark Law". Chandler, Alfred (1990) *Scale and Scope: The Dynamics of Industrial Capitalism*. Cambridge, Harvard University Press, at 63-65. In addition, Cranston suggests "the advent of mass consumption has resulted in consumers facing an information gap when they enter transactions involving the purchase of products or the provision of services. Products are now being marketed in such number and in such a manner that it is more difficult for consumers to judge their qualities adequately". Cranston, Ross (1984) *Consumers and the Law*. London, 2nd Edition, Weidenfeld and Nicolson, at 1.

¹⁰¹ Historically, the practice of comparative advertising was prohibited. For example, under the 1938 British Trademarks Act, use of trademarks in comparative advantage was considered an infringement. Moreover, as Beck-Dudley and Williams recall "prior to 1970s comparative advertising was relatively rare because of negative opinions held by industry, media and governments, and fears that naming competitors might give them publicity or win them public sympathy as victims". Beck-Dudley, Caryn and Williams, Terrel (1989) "Legal and Public Policy Implications for the Future of Comparative Advertising: A Look at U-Haul V Jartran" 8 *Journal of Public Policy and Marketing*, 124-142, at 124.

¹⁰² See Klein, Supra 7.

Protection¹⁰³ defined advertising as “The process of persuasion, using the paid media, in which purchasers of goods, services or ideas are sought. Its primary aim is to convince the consumer to obtain the advertiser’s product/service and/or his specific brand. Advertising is thus a commercial message designed to influence consumer behaviour....The commercial involves both information and promotion, always with the aim of enhancing the message which the advertiser wishes to put across to the consumer in order to influence the latter in favour of the particular product/service. The objective information value of the commercial is thus secondary, as the information is used solely if, and in so far as, it can act as a persuasive element in the advertisement”.¹⁰⁴

Therefore marketing became the tool in which the media is used to inform consumers that products and goods are available for them to buy. Accordingly, this led to the emergence of the new function of trademarks. In this regard, Brown conclude that, “a mark still identifies products, but not source, nor with prior purchases. It is identification with advertising”.¹⁰⁵

- *Functions of Advertisement*

There are a number of functions that advertisement may serve. The main function is often an economic one.¹⁰⁶ However, there may be other non-economic reasons for this such as:¹⁰⁷

- 1- Self-aggrandisement of the advertiser and his products or achievements.

¹⁰³ [Hereinafter the EC Report].

¹⁰⁴ Quoted in Mills, Belinda (1995) “Comparative Advertising: Should it be Allowed?” 9 *EIPR*, 417-428, at 418.

¹⁰⁵ Brown, Ralph (1948) “Advertising and the Public Interest: Legal Protection of Trade Symbols” 57 *Yale Law Journal* 7, 1165-1206, at 1187. Furthermore, some commentators draw a closer parallel regarding the correlation between advertising and trademarks such as Martino and Ullah whereby they suggest that “trademarks are a species of advertising. Both share three fundamental characteristics: brevity, continuity of use and control. They also perform two similar functions of conveying information and persuasion”. Martino, Toni and Ullah, Werner (1989) “The Quality Guarantee Function of Trademarks: An Economic Viewpoint” 8 *EIPR*, 267-269.

¹⁰⁶ “The principle reason for advertising is an economic one; to sell goods and services”. Martino, Ibid, at 267.

¹⁰⁷ Drescher, Supra 2, at 1167.

- 2- Institutional inertia; this might be reflected in some firms' attitudes in the market by concluding that since everyone else is doing it in the market I should also do it as well.
- 3- Political considerations; to influence public opinion on issues, which only indirectly affect the economic welfare of the advertiser.

However, the economic and practical considerations of advertising are the most pressing ones because they reflect the real motive for producers in which the shape of the legal protection is framed within. Therefore, advertising is often described as a profit induced activity. As some conclude, "the primary reason for marketers' interest in this phenomenon is its potential for increasing profits through market share gains".¹⁰⁸

Proponents of advertising hold that social welfare will be maximised in the presence of perfect competition in the market. This means that products are to be produced at the lowest of costs and customers are to buy those goods that suit their lifestyles and tastes. Perfect competition presumes in this context that a large number of informed buyers exist in accordance with a large number of informed producers in the same competitive and free market. Though this perfect competition situation has never existed and is actually almost impossible to exist in any market, some believe that trademarks through comparative advertisement can play a great role in correcting some of the imbalances already existing in the marketplace through informing and educating consumers to reach these higher levels of competition and awareness.

Advertising also plays an important role by cutting down search time and costs. If products were not advertised, consumers would suffer while obtaining the desired information about the products they want or wish to buy. Hence, more time and effort will be spent to acquire information by either researching or trying, in which both cases will turn out to be very costly especially under complicated structured-markets. Therefore, instead of investigating the attributes of all available products, all the

¹⁰⁸ Randall, Rose, Miniard. Paul, Barone. Michael, Manning, Kenneth and Till, Brian (August 1993) "When Persuasion Goes Undetected: The Case of Comparative Advertising" 30 Journal of Marketing Research 3, 315-330. For an American perspective on advertising see Grover, Evynne (1990-1991) "The Trademark Protection of Advertising Slogans: A Modern Perspective" 1 Fordham Entertainment, Media and Intellectual Property Law Journal, 213-229.

consumers have to do is to rely on the trademark and the information conveyed by it. Hence, advertising will assist consumers by cutting down search costs and alleviating the concept of “information asymmetry”, which in turn would have a beneficial outcome on consumers.

Another important advantage of advertising is the positioning of a brand against its competitors in the market. One may use an already established trademark to compare his product or to affiliate it with an established trademark or brand. For example, if a producer has a new soft drink, merely by comparing its taste or features to *Pepsi* or *Coca-Cola*, that will carry a hidden but clear message implying that the taste, colour and all or some other emotional features are the same between this newly advertised product and the well-established one.¹⁰⁹

One cannot deny the social and cultural role of advertising. Such is achieved through promotional activities and advertisements, including sponsoring events and celebrities. Synergies between trademarks and so many aspects of life are drawn to make the picture more appealing to consumers and to create that much-needed emotional tie between consumers and the advertised trademark.¹¹⁰ Therefore, advertising helps in creating certain cultures, images, and lifestyles through the creation of synergies between brands and certain activities.

Advertising may also tell consumers something about product quality. As Mankiw notes in this regard “The willingness of the firm to spend a large amount of money on advertising can itself be a signal to consumers about the quality of the product being offered”.¹¹¹ Accordingly, if firms and manufacturers believe in the superior quality of their products in comparison to other competing products in the market, they will be more willing to show such product superiority and differentiation through increased advertising activities.

¹⁰⁹ For more see Mills, *Supra* 104, at 418.

¹¹⁰ For example, through *Pepsi's* synergy with the musical band *Spice Girls*, they are creating and promoting their soft drink as a youth cultured one, targeting a certain class of society. On the other hand, *Rolex*, the famous Swiss brand watch promotes its products as an elitist product affiliated with elegance and fashion. For more on discussion on this see Grimes, Charles and Battersby, Gregory (1979) “The Protection of Merchandising Properties” 69 *Trademark Reporter*, 431-459.

¹¹¹ Mankiw, Gregory (2001) *Principles of Economics*. New York, 2nd Edition, Harcourt College Publishers, at 387.

- *The Effects of Advertisement on Consumers*

The effect of advertisement on consumers may differ from one person to another and even from one culture and society to another. However, the effects of advertising are often intertwined with the functions of advertising; two types can be identified within this context:

1- Informative Advertisement; this can be referred to when the advertisement is used to inform the consumers about the main characteristics of a product without trying to influence their purchasing decision, such as telling consumers the ingredients of the product or its weight. Such advertising promotes competition by lowering consumer search costs and increasing the incentives for suppliers to compete actively with each other by increasing the number of customers they can win.

2- Persuasive Advertisement or as some may refer to it "Perception Advertisement"; in this kind of advertisement, a desired mental image is added to the physical commodity of the product. This type of advertising relies on identification and reinforcing consumers' preferences towards particular brands by artificially differentiating them from other products and may therefore have adverse effects on competition among existing suppliers, acting as a barrier to entry to other new-comers to the market.¹¹²

If the recipient choice was affected by the information provided by advertisement then the communication is called informative. If it was affected by other factors then it is called influential. If no influence occurred, then it would be ineffective. However, some scholars believe that the majority of advertising activities are of a persuasive nature.¹¹³

¹¹² However, this form of advertising has been controversial. As Martina and Ullah conclude "the entire theory of persuasive advertising is based on a single assumption - a change in attitude will be followed by a change in behaviour". Martino and Ullah, Supra 105, at 267.

¹¹³ Brown concludes, "Most advertising, however, is designed not to inform, but to persuade and influence ". In Brown, Supra 105, at 1169.

Comparative advertisement may take one of three forms:¹¹⁴

- 1- Advertisements that refer only to one brand of product and make no reference to competing products either directly or indirectly. This is called 'non-comparative advertisement'.
- 2- Advertisements that refer only to attributes of one brand of product, but that refer indirectly to the attributes of rival or competing products. This is called 'indirectly comparative advertising'.
- 3- Advertisement that directly compares attributes of one product with attributes of a specifically named or recognisably presented competing brand. This is called 'directly comparative' advertisement.

Within this context, the term 'comparative advertising' encompasses both the second and third forms.

The scope of the legal protection awarded to comparative advertising differs from one country to another and from one legal system to another. For example, one can see that differences exist between the USA and the EU regarding the scope of protection. Therefore, the US implements a liberal approach regarding the scope of protection since the competitor is free to say and compare anything as long as it is truthful and does not give rise to confusion of origin.¹¹⁵ On the other hand, some restrictions exist in some EU countries in dealing with comparative advertising.¹¹⁶ For instance, under the 1994 British Trade Marks Act, comparative advertisement utilising a competitor's registered trademark may still amount to trademark infringement if the use is contrary to honest practices and was made without due cause taking unfair advantage of or is detrimental to the distinctive character or reputation of the mark.¹¹⁷

However, as far as the TRIPS Agreement is concerned, one can derive that the agreement does provide legal recognition to the so-called 'investment function' of

¹¹⁴ Mills, *Supra* 104, at 417.

¹¹⁵ On likelihood of confusion see Carboni, Anna (1998) "Confusion Clarified: SABEL BV v. Buma AG" 3 *EIPR*, 107-109.

¹¹⁶ This comes as a result of the EU's Directive on Comparative Advertising which was passed in 1997.

¹¹⁷ 1994, Trade Marks Act, Section 10 (6).

trademarks.¹¹⁸ Consequently, the protection of trademarks and brands under the TRIPS Agreement does not merely cover the use of a similar product but is also extended to include the protection of 'well-known' and 'famous marks' even on dissimilar goods and services. Consequently, the role advertising and promotional activities play in building and enhancing the goodwill and reputation of trademarks is recognised under the TRIPS Agreement.

4 Trademark Protection Rationale under Scrutiny

It is vital to analyse closely the rationale behind the legal protection of trademarks in an attempt to see how compatible it is with the theoretical justification. In doing so, it is important to try analysing to what extent the functions discussed above are echoed and applauded under the trademark legal framework?

Answering such questions requires us first to study and scrutinise thoroughly the developments accruing to each of the above mentioned functions.

4.1 *The Origin Function under Scrutiny*

Trademarks have often been subject to criticism as a result of their monopolistic nature.¹¹⁹ However, critics vary in their levels of criticism to the point that some of them even go as far as calling for the abolition of the idea of awarding legal protection to trademarks completely. This extreme view was championed and advocated by Chamberlin and was later supported by the so-called Harvard School of thought.¹²⁰

Taking a more specific approach in dealing with the origin function, Schechter believed that this function lacked consideration for any commercial realities of the

¹¹⁸ This is based on TRIPS incorporation of Article 6bis of the Paris Convention. TRIPS Agreement, Article 16 (1-2).

¹¹⁹ Wilf, Steven (1999) "Who Authors Trademarks?" 17 *Cardozo Arts and Entertainment Law Journal*, 1-46. See also generally Sherman and Bently, *Supra* 36, at 166-172.

¹²⁰ Generally see Chamberlin, Edward (1966) *The Theory of Monopolistic Competition*. Harvard, Oxford, 8th Edition, Harvard University Press.

trademark and regarded it as even outdated and untrue.¹²¹ In fact, the European Court of Justice in its recent decision in the *Baby-Dry (Procter & Gamble v OHIM)*¹²² echoed this view. In this case the applicant *Procter & Gamble* applied to the Office of the Harmonisation of the Internal Market (OHIM) to register the word combination of '*Baby-Dry*' for babies nappies in which OHIM refused to register it because the mark was devoid of any distinctive character and was described as a descriptive term. The ECJ held that the first court decision to support OHIM refusal was incorrect and rather found that the proposed mark *Baby-Dry* was a distinctive mark and therefore its registration should be accepted. Accordingly, the ECJ's decision adopted a more modern and liberal approach by suggesting that trademarks are no longer to be treated as mere indicators of origin in the passive norm. On the contrary, the ECJ's Decision suggests that even if the main part of a sign is descriptive, the Court would still consider the validity of its registration as long as the additional material or signs serves and fulfils the trademark's 'distinguishing function'.

Although the main purpose of trademark law is the protection of the public from source confusion, emerging trends in the field indicates a clear deviation from this principle towards increasingly protecting the interests of trademark owners. The expansion of the trademark subject-matter and the scope of protection are a clear demonstration of such a process. Following are examples of such a deviation.

4.1.1 The Protection of Well-Known and Famous Trademarks

Increasing competition and the expansion of the role of trademarks has become extremely evident in all aspects of life. Famous trademarks and brands are being used in sectors varying from the airline industry to big retail shops. Indeed, as some commentators suggest: "If you were a soap-powder company years ago, your competition would come from the same industry and probably the same country. Now

¹²¹ Schechter, *Supra* 17, at 818.

¹²² (2001) E.T.M.R. 829

it could be anyone. Who would have thought that *Virgin* would sell mobile phones, *Versace* run hotels or *Tesco* sell banking services?”¹²³

These developments also indicate that the phenomenon of “brand extension” has an extended meaning beyond the product in which respect it was produced originally. Manifested by the emergence of the ‘dilution doctrine’, proponents of this view believe that some trademarks, especially those famous and well-known ones beyond a certain geographical boundary, are worthy of protection outside that boundary even if no confusion on the part of the public took place.¹²⁴ The aim behind such protection is to prevent others from unjust use and exploitation while at the same time to save customers from misinformation.¹²⁵

Advocates of the extension of protection beyond the strict origin function justify this extension on the basis that the investment in the trademark and its promotional value should be protected. They also conclude that such investment leads to trademarks that have a value beyond simply a distinguishing effect. Some even believe that such protection should be awarded to all trademarks with commercial value and not only famous or renowned trademarks.

The protection of famous or ‘well-known’ trademarks also represents clear loosening of the trademark’s general function of origin and some even argue that it also represents an exception to general rules.¹²⁶ A notable feature of this trend is the success of trademark owners in expanding the legal protection awarded to trademarks

¹²³ The Economist, Supra 6. Further, Evans elaborates that “in the last 30 years an increasing tendency for the owners of well known trademarks to engage in worldwide product diversification has given rise to a demand that protection extend the prohibited use of the mark to goods that are dissimilar to those in respect of which the mark is registered”. See Evans, Gail (2005) “TRIPS and Trade Mark Use” in *Trade Mark Use*, Jeremy Philips and Illaneh Simon (Eds) Oxford, Oxford University Press, at 305.

¹²⁴ The notion of famous and well-known trademark first emerged under the international regime after the revision of the Paris Convention in 1925.

¹²⁵ Lemley explain that dilution takes two forms; blurring and tarnishing. Blurring means erasing the distinctive character significance of a mark by association it with lots of different products, while tarnishing negates the image of the mark by associating it with unwholesome products. Generally see Lemley, Supra 9, Littman, Supra 9, and Kur, Annette (1992) “Well-Known Marks, Highly Renowned Marks and Marks Having a (High) Reputation” 23 *IIC*, 218-231.

¹²⁶ For a more recent view on this matter see Carboni, Anna (2004) “Two Stripes and You’re Out: Added Protection for Trade Marks with a Reputation” 5 *EIPR*, 229-223. For an economic perspective see Griffiths, Andrew (2001) “The Impact of the Global Appreciation Approach on the Boundaries of Trade Mark Protection” 4 *Intellectual Property Quarterly*, 326-360.

to new levels.¹²⁷ Within this context, the protection of a trademark is to be awarded even in the absence of potential confusion by consumers or use of such marks on dissimilar goods.¹²⁸

Accordingly, attack against such expansion arises from the fact that the main reason behind this protection is not to preserve the informative nature and function of the trademark as far as the consumers are concerned, but rather to protect the value of such famous trademarks and the resources invested in promoting them by their trademark owners. Hence, as long as no confusion takes place, no practical benefit accrues to the consumers or the public as a consequence of such extended protection.

There are practical and theoretical difficulties which arise when dealing with the issue of famous and well-known trademarks. Accordingly, defining what is meant by famous, well-known or renowned trademark is a matter of great complexity.¹²⁹ Adding more confusion to this is the lack of a uniform approach dealing with this issue. For example, in France and Germany, this issue is dealt with under the provisions of unfair competition rather than trademark law. Further, the German Supreme Court asserted, “such protection is to be granted with utmost caution, and only in special exceptional circumstances. It may also not be extended further than is absolutely demanded by commercial needs”.¹³⁰ On the other hand, British courts consider this to be more of a trademark matter and therefore should be dealt with under trademark jurisdiction regime.¹³¹

The TRIPS Agreement also incorporates the doctrine of ‘dilution’ in its provisions. Article 16.3 of TRIPS states that “Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect

¹²⁷ Schechter referred to this phenomenon as ‘blurring’. See generally Schechter, *Supra* 17.

¹²⁸ Dilution may be defined as the use of the like symbols or marks on the unlike goods. For more see Mostert, Frederick (1996) “Well-Known and Famous Marks: Is Harmony Possible in the Global Village” 86 *Trademark Reporter*, 103-141.

¹²⁹ See The Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, adopted by the Assembly of the Paris Union for the Protection of the Industrial Property and the General Assembly of the WIPO at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO 20-29 September 1996. Available at www.wipo.org.

¹³⁰ See Lehmann, Michael (1986) “Unfair Use of and Damage to the Reputation of Well-Known Marks, Names and Indications of Source in Germany- Some Aspects of Law and Economics” 17 *IIC* 6, 746-785.

¹³¹ For more see Bently and Sherman, *Supra* 37.

of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use".¹³² Clearly, this represents another successful attempt by trademark owners to advance the protection of trademarks to new heights at the international level.

To justify the legal protection of trademarks upon their promotional value without proving confusion represents an evident shift of emphasis from the information and origin function of a trademark to the protection of trademark owners' investment in such trademarks. Therefore this will require the protection of the autonomous symbolic character of the trademark and its image as an independent item of the actual product hence increasing the scope of monopoly awarded to trademark owners, always an issue of great complication.¹³³

4.1.2 Trademark Licensing and Merchandising

The development of trademarks' legal regimes and their increasingly extra-territorial dimension demanded the expansion of marketing methods and facilitated international cooperation. The need to compete with other producers coupled with the importance of increasing the market share motivated producers to find other ways to maximise profits derived from their trademarks.

Recently, trademark owners have been actively seeking the broadening of protection for their trademarks by licensing their marks for use on promotional products. This type of use, generally referred to as "merchandising rights", is non-traditional in the

¹³² TRIPS, Article 61.3. [Emphases added]. On this, Evans quips that "In any event, Article 16.3 is drafted conservatively; in so far as it is faithful to Schecter's traditional rendering of trademark dilution". Evans, *Supra* 123, at 305.

¹³³ In this manner Carty opposes this notion by suggesting "to protect the value of the mark in itself writes out the public interest as part of the equation and could arguably work against the public interest. Persuasion should not be protected in its own right. Trademarks merit protection where they act as vehicles for communication between producers and consumers in the market place; they don't merit protection for any Pavlovian response they create. Any addition to the monopoly rights needs strong justification". Carty, Hazel (1997) "Do Marks With a Reputation Merit Special Protection?" 12 *EIPR*, 684-688.

trademark sense because it does not seek to identify the trademark owner as primary source of the promotional goods. Rather the use of the trademark on such promotional goods is decorative. Consumers purchase these promotional goods to express their affiliation with the trademark owner, who is recognized as a secondary source of the promotional product.¹³⁴

Such a phenomena attracted attention from many parties. In addition to 'famous trademark' owners, police departments and governmental agencies are joining the race to register their names as trademarks in an attempt to reap royalties from its use.¹³⁵ Although trademark owners were less keen in the past to resort to such activities (as some of them viewed this as an advertising privilege), increasingly revenues through such practices represent major chunks of these owners' incomes.¹³⁶

However, such a process is also closely affiliated with the concept of licensing and franchising.¹³⁷ This shift of emphasis was needed to differentiate the product's 'image' from each other, especially at a time where products became very much standardised and similar.¹³⁸

The main concept behind licensing is that the trademark owner needs the greatest possible freedom to negotiate the basis on which he can arrange the use and exploitation of his trademark. Accordingly, the owner of a trademark in certain

¹³⁴ Evans states that "Recent EU case law reveals that the two most significant pressures on the concept of trademark use have been branding and its counterpart, licensing". Evans, *Supra* 123, at 280. Also see Dogan, Stacey and Lemley, Mark (December 2004) "The Merchandising Right: Fragile Theory or Fait Accompli?" Stanford Public Law Working Paper No. 105, available at <http://ssrn.com/abstract=636872>. Also see Jaffey, Peter (1998) "Merchandising and the Law of Trade Marks" 3 *Intellectual Property Quarterly*, 240-266.

¹³⁵ Such as the merchandising of LAPD and NYPD to allow their names to be used in movies and TV programmes. See Dogan and Lemley, *Ibid*.

¹³⁶ Dogan and Lemley explains, "It appears that the 1970s and 1980s represented an area of awakening, in which trademark holders came to realise the economic value of their trademarks on merchandise and the revenues that could earn through licensing if there were entitled to control the use of these marks". Dogan and Lemley, *Ibid*, at 16.

¹³⁷ See generally Joliet, Rene (1983-1984) "Trademark Licensing Agreements under the EEC Law of Competition" 5 *North-Western Journal of International Law and Business* 1, 755-817. Also see Cohen, Dorothy (1986) "Trademark Strategy" 50 *Journal of Marketing* 1, 61-74.

¹³⁸ Indeed as Klein remarks, "*Nike* and *Tommy*, these pioneers made the bold claim that producing goods was only an incidental part of their corporations, and that thanks to recent victories in trade liberalisation and labour-law reform, they were able to have their products made for them by contractors, many of them overseas. What these companies produced primarily were not things, they said but images of their brands. Their real work lay out not in manufacturing but in marketing". Klein, *Supra* 7, at 4.

circumstances finds out that it is best to allow the use of his trademark by another person while retaining ownership and control over the mark, plus gaining a royalty for allowing the use of that mark.

Franchising on the other hand refers to the arrangement in which the licensor permits the licensee to sell certain goods under the licensor's trademark under a franchising agreement.¹³⁹ It is worthy to mention that it is often the case that the most valuable asset that the franchisee purchases, is the right to use the franchiser's trademark on local products.

Courts in the UK have also acknowledged this broadening of the definition of the source function. Such a shift can be explained by¹⁴⁰ comparing the following cases of *Bowden Wire Co. Ltd v. Bowden Brake Co. Ltd.*¹⁴¹ with *BOSTITCH*.¹⁴² In the former case dating from 1913, the defendant and the plaintiff used the same trademark depriving it from indicating the same source thus rendering it invalid, whereas in the latter similar case decided 50 years later, the court held that the mark was valid because it still served the identity of the two similar products.

The courts concluded that the public interest is protected in these circumstances where the products are the same, not only when they have a common origin. So the new definition of the origin function has been transformed to accommodate the trademark as an 'identification of the product rather than the product itself'. Such a decision led to some confusion as Michaels suggests "either the origin function is being grossly misapplied by the courts, or it has undergone changes which, whilst masked by lip-service to the origin function, actually ensure the protection of other functions of the mark".¹⁴³

The theme behind providing broadened trademark protection for merchandising rights stem from the public perception of the mark. If the public could perceive such a mark as having source-indicating significance, rather than being purely ornamental,

¹³⁹ For more see Trebilcock and Howse, Supra 56.

¹⁴⁰ See Pickering, Supra 2, at 44 and Michaels, Amanda (1980) "The Function of Trade Marks: The Law and the Reality" 1 *EIPR*, 13-18.

¹⁴¹ 31 RPC 385...888 (1914).

¹⁴² *Bostitch Trade Mark* [1963] RPC 183...888, 900, 901.

¹⁴³ Michaels, Supra 140, at 14.

registration of the mark for use with such promotional products will be allowed, even though the mark also fulfils an ornamental function. However, trademark owners have attempted, and succeeded a number of times to invoke these rights even in the absence of public confusion to protect their trademark and brands.

The danger of expanding trademark protection to these new heights is likely to result in enabling trademark owners with new powers and forms of control upon the public domain, the very main group that trademark law endeavours to protect. Such expansion is already producing adverse effects on some of the basic human rights such as the freedom of speech, language usage,¹⁴⁴ parody and dissemination of information.¹⁴⁵

Several scholars have already cast doubt about the wisdom and justifications of providing trademarks with additional levels of protection in the absence of public confusion.¹⁴⁶ However, as will be explained later in this chapter, such a trend may have been caused as a result of the confusion and misunderstanding surrounding the nature of IPRs in general, and the nature of property under trademark law in particular.

4.1.3 The Protection of Trademarks' Trade Dress

A recent phenomenon which deviates from the 'origin function' protection of trademarks is the protection of a trademark's trade dress. Trade dress is a very broad

¹⁴⁴ Such as preventing an author from using the term 'Godzilla' in the title of his book even where no confusion took place through the use of disclaimers. See *Toho Co V William Morrow & Com.*, 46 U.S.P.Q2d. 1801 (C.D Cal. 1998). See generally, Dogan, Stacy (2002-2003) "An Exclusive Right to Evoke" 44 *Boston College Law Review*, 291-322, Kratzke, Supra 9, and Posner, Richard (1992) "When is Parody Fair Use?" 21 *The Journal of Legal Studies* 1, 67-78.

¹⁴⁵ See Lemley, and Dogan, Supra 9. As Dogan explains "as intellectual property laws extend beyond protection of particular identifiable elements and into the more metaphysical realm, they threaten to overprotect in ways that stifle speech". Dogan and Lemley, Supra 134, at 295.

¹⁴⁶ Dogan and Lemley proclaim that "From a search costs perspective, a general merchandising right unmoored from confusion conflicts with, rather than promoting trademark law's pro-competitive goals. If consumers are not dubbed into believing that a trademark bearing product was either sponsored or made by the trademark holder, then the quality of the product related information in the marketplace has not suffered from such use. On the contrary, consumers benefit because of competition and bringing prices down". Dogan and Lemley, Supra 134.

category that embraces any aspect of the appearance of a product.¹⁴⁷ Hence, the trade dress of a product involves the "total image" and can include the colour of the packaging, the configuration of goods, marketing schemes, etc. Even the theme of a restaurant may be protected as trade dress.

In the past, courts were reluctant in awarding protection for trade dress apart from that protection provided in the case of packaging, such as design or arrangement on a box and maybe floral pattern.¹⁴⁸ However, by relying heavily on the dilution doctrine, increasingly the protection expanded to protect other features of products itself such as the overall shape of sport cars and combinations of features that comprise a line of 'emotionally expressive' greeting cards.¹⁴⁹ This represents another example of trademark' owners successful attempts at broadening the scope of the legal protection awarded to trademarks.

The criticism against protecting trade dress and features of a product lies in the fact that it serves a different function than that presumed under trademark law. Hence, while a trademark or a trade name serves as a source and origin identifier, sellers and producers invest in trade dress in order to make the product more attractive and appealing to consumers hence the benefit accruing as an outcome will be reaped by the trademark owner. Consequently, this represents another example of the gradual shifting of the primary function of trademarks as a consumer protection tool towards benefiting and protecting the interests of trademark' owners.¹⁵⁰

Moreover, some argue that extending trademark protection to a product's trade dress where no confusion on the part of the public takes place will stifle competition rather than enhance it.¹⁵¹ Accordingly, if trademark owners succeeded in exclusively

¹⁴⁷ See Bone, *Supra* 27, at 2156. Also see Brown, Ralph (1986-1987) "Design Protection: An Overview" 34 UCLA Law Review, 1341-1404.

¹⁴⁸ Dratler, Jay (1988) "Trademark Protection for Industrial Design" 1 University of Illinois Law Review, 887-975. Also see Bone, *Supra* 27.

¹⁴⁹ See *Ferrari S.P.A. Esercizio V Roberts*, F.2d 1235, 1237-38 (6th Cir. 1991) and *Hartford House Ltd., V Hallmark Cards, Inc.*, 846, F2d, 1268 (10th Cir) 1988.

¹⁵⁰ See Wilf, *Supra* 119, and Dinwoodie, Graeme (1999) "The Death of Ontology: A Technological Approach to Trademark Law" 84 Iowa Law Review 2, 611- 752, arguing that the protection of trade dress might even harm consumers by excluding other competing products from the market. In addition, Lemley explains this by stating that "The explosion in product configuration cases in the last twenty years has a lot more to do with acquiring or extending de facto patent and copyright protection through a back door than with protecting consumers from confusion". Lemley, *Supra* 9, at 1705.

¹⁵¹ Dogan, and Lemley, *Supra* 134.

preventing other competitors from copying certain product features, this will drive out and block away competitors from the market hence creating lesser levels of competition and higher product prices.¹⁵²

Moreover, the close affiliation of the protection of trade dress and industrial designs with other types of IPRs may also have a negative effect on competition in the market place while at the same time causing conflict between these branches of rights.¹⁵³ As mentioned, the primary concern of trademark law is the protection of consumers rather than stimulating product innovation and creation.¹⁵⁴ The protection of trade dress therefore constitutes further erosion of trademark function as a source and origin identifier.

4.2 The Quality Function under Scrutiny

Absent from most trademark laws and legislations, some believe that this function should be a fundamental cornerstone in the protection of trademarks.¹⁵⁵

As appealing as this function appears, it is by no means safe from criticism. In this context, lack of consensus on this matter is highly affected by practical considerations. From a legal standpoint, to say that a trademark serves as a quality indicator requires the existence of legally binding provisions to ensure explicitly that the product packaged and labelled under a certain trademark is consistently produced with certain expectations and levels of quality standards, a situation that currently does not exist under the various legal doctrines.¹⁵⁶

¹⁵² Brown comments on this type of protection by stating that “The problem is this: protection of Industrial design, unless kept firmly tied to source recognition as a trademark, easily slides into an unpredictable system of monopoly awards for successful designs, uninhibited by the statutory standards of copyright law or design patent law”. In Denicola, Robert (1998-1999) “Freedom to Copy” 108 Yale Law Journal 7, 1661-1986, at 1670.

¹⁵³ Although, trade dress is more frequently thought to conflict with patent law, there remains a possibility of conflict with copyright law as well. See Dinwoodie, Supra 150, at 632.

¹⁵⁴ See generally Primo-Braga, Carlos and Fink, Carsten (1996-1997) “The Economic Justification for the Grant of Intellectual Property Rights: Patterns of Convergence and Conflict” 72 Chicago-Kent Law Review 2, 439-462.

¹⁵⁵ See Schechter, Supra 17.

¹⁵⁶ Bone explains “a plaintiff is not required to prove that the defendant’s product is of lower quality in order to obtain a remedy. And it is no defence that the defendant’s product is of identical quality”. Bone, Supra 27, at 2137.

The situation is no less complicated from the practical point of view. Opponents of this notion rely on the fact that such a function currently does not award consumers a warranty with remedial consequences in cases where the product does not measure up to their expectations. Although, consumers have the right to sue a producer who lowered the standard of quality of a certain product under general consumer protection laws, realistically speaking this is of no practical use in the face of the huge costs and evidential burden needed to be overcome.¹⁵⁷

Proponents of this view also believe that government intervention to ensure compliance with certain levels of quality consistency by producers is favoured for the sake of protecting the public. Indeed Cranston explains that, “there is an imbalance of power when consumers confront a business with a grievance... consumers are typically in a weak bargaining position because of the disparity in knowledge and resources between the parties, which narrows the consumer’s access to a remedy...legal remedies may be available...but the evidence demonstrates that many consumers are ignorant of their legal rights and/or either unwilling or unable to pursue them. For this and other reasons...the view is advanced...that public control is frequently the only way that consumers will be protected by law”.¹⁵⁸

However, as it currently stands, since trademark law would not enforce certain standard levels of quality upon producers, the only remedial option available to the public is more of a personal economic penalty that is imposed by consumers against such products and takes the form of an economic sanction manifested by boycotting that product.

Some provided guidance about how this function could be achieved. As Economides argues, “In the absence of trademarks, it could be argued that quality regulation, say through minimum quality standards, enforced through laws on fraud, could conceivably create a similar level of efficiency in the market place. Although quality minimums might be upheld through regulation, it is practically impossible to regulate variety efficiently. Given the consensus among consumers on the desirability of a

¹⁵⁷ Pickering, *Supra* 2, at 104.

¹⁵⁸ Cranston, *Supra* 100, at 3.

quality feature, a regulatory board can set minimum quality standards. Variety features, where unanimity in the direction of preference is lacking, are very difficult and very costly to regulate. To achieve efficient regulation, estimation of the demand for each combination of variety features is needed - a very difficult task. Thus any regulatory system will most likely fail to provide the appropriate combinations of features which constitute the efficient mixture of desired varieties".¹⁵⁹

Though the quality function might lack the necessary explicit legal backing to support it, there seems to be a consensus that such function should play a more pivotal role in the protection of trademarks. In fact this function comes in line with the rationale behind trademark protection that focuses mainly on the protection of consumers. Although empirical evidence maybe impossible to obtain in order to determine if consumers deal with a trademark as an indicator of source or quality, it would be rational to suggest that where there is no special interest for the consumer to know where the true source or origin of a certain product is, consumers are most likely to opt out of the quality function of the trademark.

Modifying laws explicitly to spread protection to this function and therefore make producers accountable to individuals if the quality of their products was inferior, should constitute a major part of this change.¹⁶⁰ This should be coupled by finding other ways and methods to develop quality-control standards independent from trademark quality identification. At the same time, specialised public agencies should be empowered to play a bigger role in pursuing those producers who fail to comply with certain quality standards. UNCTAD findings supports this proposition when it concluded that, "the general aim of such ideas is to shift from subjective differentiation, as is promoted by the trademark owners, to objective identification as

¹⁵⁹ Economides, *Supra* 3, at 530.

¹⁶⁰ As the Economic Council of Canada suggests in its report on intellectual property rights, "It is helpful to make some evaluation of the effectiveness of the trademark system as a conveyer of buyer information. The result of this seems to be that this function has not been served as well as it might. Among the reasons for this is the fact that the predominant emphasis in the law has been related to the protection of trademark producers or the seller's interest, which only indirectly serves the buyer's interest in having more complete and better information. This pattern of emphasis means that many of the potential benefits related to this aspect remain underdeveloped. Another reason of course is that the trademark itself is only a very abbreviated way of expressing the full set of qualities about a product or service, and this constrains some of the extent of the product information role. Nevertheless, important improvements can and should be made". Economic Council of Canada, (1971) *Report on Intellectual and Industrial Property*, Ottawa, at 193.

should be achieved by industrial consumers facing well established systems of quality standards".¹⁶¹

4.3 The Advertisement Function under Scrutiny

The advertising function has often been described as the most controversial one of all trademark functions. Vigorous criticism of this function came from various sources such as consumer protection agencies, academics and even some governmental institutions.

It is presumed that a perfect competitive market functions better if an atomistic number of sellers and buyers existed. This coupled with free mobility for producers and available information in the market encourages free competition and productivity. Within this context, advertising functions as a promotional tool by informing the public that these promoted products are available in the market and at the same time informs consumers about potential or new entrants to the market.

Criticism of the role of persuasive advertising is based upon a number of practical, legal, and economic considerations. One of the major issues in this course is the negative effect persuasive advertising may have on society as whole. Through persuasive advertising, a mental image might be added to the quality and variety features of the product. This will transform competition to another dimension that has no benefit on the welfare of society.¹⁶² Therefore, opening the doors of competition endlessly will benefit society less because there would be fewer products in quantity and more brands around in the market competing at a level above the optimal one, which would waste resources and lead to market distortions.

In addition, in certain industries where companies compete to produce the same products with similar characteristics, it is often the case that a number of leading firms in this field will acquire a bigger share in the market than other smaller firms. In order

¹⁶¹ UNCTAD, Supra 35, at 41.

¹⁶² In this regard, Economides suggests that "competition is not always beneficial to society". Economides, Supra 3, at 53

to maintain and enhance this share, these companies tend to invest more in product differentiation activities; therefore firms would spend so much on promotional activities and advertising in order to convince customers that differences actually exist between these competing products.¹⁶³ Such a process wastes and misallocates resources, which affects consumer welfare negatively since competition is taken to another level whereby companies will be competing against each other in another industry; that is the advertising industry.

To demonstrate the amount of resources spent on advertising, one only needs to take a look at the 1998 United Nations Development Report, which states: “The growth in global ad spending ‘now outpaces the growth of the world economy by one-third’”.¹⁶⁴

Vigorous spending on persuasive advertising may also create barriers to market-entry against new entrants. Since entry to the market can only be free if all companies enjoy the same standings and choices in any market, persuasive advertising hinders competition through building consumer brand loyalty thus marginalising new entrants’ market share.¹⁶⁵ Therefore, suppliers and producers of strong names enjoying this level of ‘market power’¹⁶⁶ will have a competitive advantage against other competitors. In addition, smaller firms may even be eventually driven out of the market because they can’t compete with the budgets of the bigger firms and their expenditure on promotional activities and advertising; a clear case that hinders poorer corporations in developing countries from competing globally.

In addition, some believe that allowing persuasive advertising activities by companies may result in adverse effects on the informative function of advertising upon consumers. This is evident by the growing number of court cases resulting in producers suing each other constantly. As Mills comments on this phenomenon, “this scene, perhaps more reminiscent of a children’s nursery, is supposed to be for the

¹⁶³ This is a phenomenon described as “combative advertising”.

¹⁶⁴ UNDP (1998) *United Nations Development Report*, Oxford University Press. Available at <http://hdr.undp.org/reports/global/1998/en/>.

¹⁶⁵ Some commentators suggest “entry to the market would be free if a firm (whether established or not) can enter a market on terms which are at least as favourable as those which are available to the firms already in the market. Papandreou, Andreas (1956) “The Economic Effect of Trademarks” 44 *California Law Review*, 503-510.

¹⁶⁶ Market power may be defined as the ability to raise price above the competitive level without their profits being substantially eroded by the entry and expansion of new and existing competitors.

benefit of the consumer or so the proponents of comparative advertising would have us to believe".¹⁶⁷ She also concludes that the outcome of such cases would be harmful to consumers and on the contrary, such protection would not preserve the informative value of trademarks.

Other grounds to attack persuasive advertising are based upon the negative outcomes such advertising may have on the consumer's freedom of choice. Accordingly, the attack is based upon the fact that persuasive advertising affects the consumers' purchasing decisions thus rendering it unfree. This is based upon the fact that some advertising strategies try to make the consumers part of their conveyed message. Its aim is to convince consumers that they need the trademarked product in their daily activities as a way of life. Indeed as the American toy manufacturer Mattel comments when asked about Barbie, their leading production toy "she is a fashion statement, a way of life".¹⁶⁸ Therefore, such promotional activities and sponsorships do not increase demand, but only increase wants and desires.¹⁶⁹

Misleading consumers about the characteristics of a certain product is another negative effect persuasive advertising may have upon consumers. Since the aim of advertising is to convince consumers that certain characteristics exist in a certain product, it may have to use certain methods that may mislead consumers by telling them that that special features exist in a product while in fact such features may exist in all other similar products, a notion referred to as the 'cross-over effect'. Indeed as the giant coffee chain Starbucks' Vice President of Marketing openly recognised, "consumers don't truly believe there is a huge difference between products, which is why brands must establish 'emotional ties' with their customers".¹⁷⁰ Hence, establishing such a tie requires producers to invest more and more in such promotional activities in order to sustain and increase their market share.

A more economic attack is launched against the effect advertising has on the prices of products and commodities. This can be manifested by the fact that famous or luxury trademarks are often more expensive than those imitated or less advertised ones. This

¹⁶⁷ Mills, Supra 104, at 417.

¹⁶⁸ The Economist 'Life in Plastic' Dec 19th 2002.

¹⁶⁹ See Brown, Supra 105.

¹⁷⁰ Klein, Supra 7, at 20.

suggests that this premium is paid by the consumer in order to cover up some of the advertising costs incurred by the promotion of these products, thus hurting consumers financially by incurring these extra expenses.¹⁷¹

Anti-advertising campaigners and advocates also acknowledge the effect persuasive advertising may have on the social spectrum. The modification of consumption patterns in societies have often been supported and affected by advertising strategies.¹⁷² Such cries emanate largely from the least-developing countries, especially when referring to the multinational corporations and some of their inconsiderate practices in these countries in the past. From an economic point of view, manufacturing a different product for consumers in less developed and developing countries is uneconomic and does not please the taste of the more sophisticated people of these nations (often a tiny minority). Therefore, foreign firms through their marketing and advertising policies may attempt to modify consumption patterns and local tastes in order to sell and promote their brands. Thus, instead of adopting the products to the local need, they tend to do the opposite through heavy advertising and promotional activities.¹⁷³ In fact, some would describe multinationals as “weak corporations” if they did not affect the local taste of hosting countries.¹⁷⁴

Such practices also tend to create consumption ideologies that may affect all segments of the society regardless as to whether such segments can afford branded products or not. In this regard, Klein characterises advertising as not only “just scientific; it is also spiritual”.¹⁷⁵ Furthermore, in some cases where the product itself is not appropriate for the social and cultural development and consumption of the recipient consumer, its introduction coupled with persuasive advertising makes it even more inappropriate. A

¹⁷¹ Generally see Png, Ivan and Reitman, David (1995) “Why Are Some Products Branded and Others Not?” 38 *Journal of Law and Economics* 1, 207-224.

¹⁷² Chudnovsky describes this phenomenon as the “demonstration effect” that presents itself in the consumers’ wishes to imitate the patterns of consumption of the more affluent classes and/or of foreign countries. See Chudnovsky, *Supra* 63.

¹⁷³ O’Brien comments by stating that “many of the products supplied are inappropriate to the needs of the majority of the population in these countries at the same time as the expansionary thrust of the transnationals generate continual displacement of the activities in these countries which were relevant to genuine development needs” O’Brien, *Supra* 17, at 121.

¹⁷⁴ A good example of this is Levitt’s proposition in which he argues that any corporation that was willing to bow to some local habit or taste was an unmitigated failure since “the world’s needs and desires have been irrevocably homogenised”. Levitt, Theodore (May-June 1983) “The Globalisation of Markets” 61 *Harvard Business Review* 3, 92-102.

¹⁷⁵ Klein, *Supra* 7, at 6.

good example to be quoted here is the case of baby milk powder and the attempts made by food manufacturers to replace breast-feeding by cattle feeding, using milk prepared especially for illiterate mothers in developing countries, which may harm the children.¹⁷⁶ Other policies adopted by such companies manifested themselves by giving away samples of artificial milk to mothers in these societies (often accompanied with heavy advertising and promotion) to encourage them to buy such products.¹⁷⁷

What is interesting about advertising practices is their continuity and creativity. This means that companies and advertising agencies are always in need of inventing creative ideas and notions to keep their customers attached to the products they are producing and promoting. Hence, additional activities and more investment in this sector therefore are needed constantly to maintain and upgrade this continuous process of 'brain washing' through sponsoring various activities and events of a social, athletic and academic nature. The main idea behind these activities is the repetition and re-emphasis of advertisements of a certain product(s) on regular basis.¹⁷⁸

This creativity and the necessity to maintain the smooth flow of advertising techniques is becoming increasingly irritating to advocates of anti-consumerism and anti-advertising due to the mounting interference and aggressive attitude exercised by big businesses in protecting such creativity and investment.¹⁷⁹ Albeit most criticism

¹⁷⁶ Such activities resulted in several actions such as the boycott against *Nestle*, which peaked in the late seventies. The campaign targeted the Swiss company for its aggressive marketing of costly baby formula as a 'safer' alternative to breast-feeding in the developing world.

¹⁷⁷ Indeed Klein concludes in this regard by saying "Branding becomes troubling when the balance tips dramatically in favour of the sponsoring brand, stripping the hosting culture of its inherent value and treating it as little more than a promotional value". Klein, *Supra* 7, at 39.

¹⁷⁸ This is manifested by some of the remarks made by some of the leading advertising agencies in this field. For example, Bond and Kirshenbaum quote in their recent book (under the radar- talking to today's cynical consumer) from some of the leading figures of the advertising agencies the following: "Consumers are like roaches, we spray them with marketing, and for a time it works. Then, inevitably, they develop immunity, a resistance". Quoted in *The Economist*, *Supra* 6. Moreover, For example, in one of the latest alarming trends in the advertising industry, the *Guardian*, a leading British Newspaper published an article referring to the latest fashion technique in the advertising industry called "human billboards". The technique is aimed to encourage students to use their heads to alleviate their debts, or more precisely, their foreheads by wearing advertising logos around their heads. Accordingly, the newspaper quoted that "an advertising agency is to pay students up to 88.20 pounds a week to wear a corporate logo on their head for a minimum of three hours each day". A further trend is to encourage drivers to allow their cars to be wrapped in the livery of a high profile brand. Such inconsiderate capitalisation of the student's often financially troubled situation may not be appreciated by many.

¹⁷⁹ "One of the latest trends in this field is the growth of internet advertising". For more see *The Economist* 'The Online Ad Attack' April 27th 2005.

against advertising emanates from economic and financial considerations, some argue that such practices are even stretched to affect the basic human rights such as the freedom of choice and the freedom of speech.¹⁸⁰ Attempts by Mattel, the giant American manufacturer of the famous *Barbie* toy against MCA records to stop the circulation of the song 'Barbie Girl' by the Dutch band *Aqua* on the basis that the song infringed on the company's 'most valuable trademark',¹⁸¹ failed when the judge upheld the group singers were entitled to their right of freedom of expression. Regardless of the final outcome of such cases, such attempts do tend to limit the freedom of speech and can only give the impression that big businesses are anti-democratic and anti-free speech institutions.¹⁸²

Upon this mounting attack against such advertising practices,¹⁸³ a thorough re-examination of some of these advertising practices is a necessity. Within this context, explicit legal intervention and further restrictions on the behaviour of firms and advertising agencies involved in the advertisement industry is needed.

¹⁸⁰ In this regard, in one of the latest cases brought in the USA, FOX News the giant TV station has launched a bid to stop the publication of a book named 'lies and the liars who tell them: a fair and balanced look and the right' wrote by Al Franken which mocks Fox Motto 'fair and balanced' reporting. Such attempt lies upon the grounds that the book's use of the words fair and balanced is trademark infringement and unfair competition. The Economist 'Patent the Absurd' August 14th 2003. Also see Doellinger, Chad (2005) "Recent Developments in Trademark Law: Confusion, Free speech and the Question of Use" 4 John Marshall Review of Intellectual Property Law, 387-405.

¹⁸¹ Quoting Michele McShane, Mattel's senior attorney; cited from article by Lewis, Alyson (Spring 1999) "Playing Around with Barbie: Expanding Fair Use for Cultural Icons" 1 Journal of Intellectual Property, 61-79.

¹⁸² Indeed Klein in this regard comments on such developments by suggesting that "The critiques of advertising that have traditionally come out of academe have been equally unthreatening, though for different reasons. Most such criticism focuses not on the effects of marketing on public space, cultural freedom and democracy, but rather on ad's persuasive powers over seemingly clueless people". Klein, Supra 7, at 303. Also Chomsky suggests that 'advertisers pay for certain things. They are not going to pay for a discussion that encourages people to participate democratically and undermine corporate power'. Chomsky, Naom (1996) "Media and Globalisation: Interview Transcript" Third World Network, 1 July, <http://www.corpwatch.org/issues/PID.jsp?ArticleId=1809>. (Last visited June 2003).

¹⁸³ For a discussion on the subject see Coombie, Rosemary (1991) "Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue" 69 Texas Law Review, 1853-1861 and Loughlan, Patricia (2000) "Looking at the Matrix: Intellectual Property and Expressive Freedom" 1 EIPR, 30-39.

5 TRIPS-Plus,¹⁸⁴ Developing Countries and the Protection of Trademarks

The TRIPS Agreement lays down minimum standards of protection. Thus, WTO member countries have to adhere to such standards and accordingly can not derogate or provide lower ceilings of protection.¹⁸⁵ However, the TRIPS Agreement provides members with the right to apply and incorporate higher and more extensive levels of protection if they opt to do so willingly as long as they apply the general principles of Most Favoured Nation and National Treatment under this agreement. In addition, The TRIPS Agreement also provides member countries with the discretion to incorporate their own standards and procedures about how to implement the agreement within their jurisdictions.

Generally, the 'TRIPS-plus' recipe may be interpreted in several ways. Accordingly, if a country implements more extensive levels and standards of IPRs protection than that required under the TRIPS Agreement, or undertakes the elimination of an option which was awarded to it under the agreement, it may be said that this country is implementing a 'TRIPS-plus' recipe.¹⁸⁶ In relation to trademark protection, a country is said to implement a TRIPS-Plus trademark regime if it provides strengthened and stronger levels and procedures of protection than those prescribed under the TRIPS Agreement.

Following are some provisions which represent a trademark TRIPS-Plus recipe;

First, the TRIPS Agreement adopts a broad definition of what constitutes a 'trademark' while at the same time it provides several examples of what may

¹⁸⁴ The notion of TRIPS-Plus, its evolution, and full impact will be dealt with more extensively in another part of this thesis; this section will only refers to TRIPS-Plus provisions within the context of trademarks.

¹⁸⁵ TRIPS Article 1.1 states "Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice".

¹⁸⁶ Moreover, one may add that 'TRIPS-plus' may also mean that countries are to interpret the TRIPS Agreement in a narrower sense thus ensuring the compliance of these countries in accordance with this agreement with the utmost levels of efficiency. See Drahos, Peter (2001) "BITs and BIPs: Bilateralism in Intellectual Property" 4 *The Journal of World Intellectual Property* 6, 791-808.

constitute a trademark.¹⁸⁷ Increasingly, subsequent bilateral agreements are incorporating explicitly other emerging types of signs for registration including visual, scent, colour and sound marks hence while creating a TRIPS-plus effect, these provisions are departing from the definition of trademark as a source identifier to further protect the trademark as an investment tool.¹⁸⁸

Second, the TRIPS Agreement contains a separate part of provisions dealing with the issue of geographical indications. Currently, under several Free Trade Agreements (FTAs), members are obliged to treat geographical indications as trademarks for the purposes of protection, registration and implementation.¹⁸⁹ Such a treatment is most likely to result in an additional protection for famous geographical marks belonging to the developed countries rather than the developing ones hence awarding trademark owners greater powers and authorities.

Third, the protection for famous and well-known trademarks is also being strengthened under such agreements by extending the 'dilution doctrine' to also include merchandising rights and protection of not only similar goods but also dissimilar goods as identified by the famous or well-known trademark hence broadening the scope of protection.¹⁹⁰

Accordingly, these agreements are extending the protection of 'well-known marks' to new heights. This is done by the elimination of the traditional test under trademark law that requires a use of a word or symbol to create consumer confusion before that use can be prevented by the trademark holder.¹⁹¹ This will provide trademark owners

¹⁸⁷ TRIPS Agreement, Article 15.1.

¹⁸⁸ See the US-Australia FTA, Article 17.2 (2), the US-Chile FTA, Article 17.2 (1), the US-Morocco FTA, Article 15.2 (1), US-Bahrain FTA, Article 14.2 (1), and the US-Singapore FTA Article 16.2 (2).

¹⁸⁹ For example see the US-Australia FTA, Article 17.2 (2), the US-Singapore FTA, Article 16.2 (2) and the US-Jordan FTA, Article 4.6.

¹⁹⁰ Article 15.2 (5) of the US-Morocco FTA states "Article 6bis of the Paris Convention for the Protection of Industrial Property (1967) (Paris Convention) shall apply, *mutatis mutandis*, to goods or services that are not identical or similar to those identified by a well-known trademark, whether registered or not, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the trademark, and provided that the interests of the owner of the trademark are likely to be damaged by such use". See also US-Australia FTA, Article 17.2 (1) and the US-Jordan FTA, Article 4.7.

¹⁹¹ US-Jordan FTA, Article 4.8 states "Article 6bis of the Paris Convention for the Protection of Industrial Property 1967 (Paris Convention), shall apply, *mutatis mutandis*, to goods or services which are not similar to those identified by a well-known trademark., whether registered or not, provided that use of that trademark in relation to those goods or services would indicate a connection between those

(especially the 'well-known trademark' owners of them) with the right to prevent the use of a word or symbol in any country by merely showing that the relevant purchasers of the trademark owner's product in the country in question are familiar with the trademark. The likely outcome of such extension of rights will result in threatening the free speech rights of consumers and commercial competitors thus eroding civil and human liberties.

Fourth, TRIPS-Plus provisions are stipulating that a trademark shall not be unjustifiably encumbered by special requirements, such as 'use' with another trademark or the use of the trademark in a special form or manner.¹⁹² Accordingly, trademark owners are provided with additional powers to prevent the anyone using their trademark even if that use is 'non-commercial' such as parody and news reporting.

Moreover, the wording of some FTA's provisions place further restrictions on such requirements by stating that "pursuant to Article 20 of the TRIPS Agreement, each Party shall ensure that its provisions mandating the use of a term *customary in common language as the common name* for a product including, *inter alia*, requirements concerning the relative size, placement, or style of use of the trademark in relation to the common name, do not impair the use or effectiveness of a trademark used in relation to such products".¹⁹³

Finally, some FTAs are aiming towards enhancing the periods of protection of trademarks beyond the TRIPS Agreement term of protection. For example, the US-Vietnam FTA obliges Vietnam to provide a minimum protection period of no less than ten years for trademarks whereby under Article 18 of the TRIPS Agreement that protection period is only seven years.¹⁹⁴

goods or services and the owner of the trademark and provided that the interests of the owner of the trademark are likely to be damaged by such use".

¹⁹² See TRIPS, Article 20.

¹⁹³ US-Chile FTA, Article 17.2 (1); US-Singapore FTA, Article 16.2 (6) and US-Morocco FTA, Article 15.2 (3). (Emphasis added).

¹⁹⁴ US-Vietnam FTA, Chapter 2.6 (8) states "each party shall provide that the initial registration of a trademark be for a term for at least of ten years and that the registration be indefinitely for terms of no less than ten years when conditions for renewal have been met". Also Article 14.2 (10) of US-Bahrain FTA states "each party shall provide that initial registration and each renewal of registration of a trademark shall be for a term of no less than 10 years".

The significance of the TRIPS-Plus phenomenon within the context of trademark protection is a vital one. It is becoming clear that the push for broader boundaries of protection by trademark owners is reaping its benefits. This is evident through the transformation of trademarks from origin identifiers to a standalone asset with exclusive property rights separated from the production process not only in the debate within the developed countries but also in developing countries.¹⁹⁵ In this regard, the TRIPS-Plus recipe is also seen as an attempt by the industrialised countries (major IPRs owners and exporters) to force the developing countries (net IPRs importers) to implement and incorporate higher and stronger levels of protection hence endangering and minimising their chances of development and global competition.¹⁹⁶

The danger of expanding trademark protection in developing countries beyond the boundaries of the TRIPS Agreement has dire economic consequences for these countries. As mentioned, although developing countries view IPRs sceptically, they were more sympathetic in using and awarding trademark protection. This is supported by empirical evidence suggesting that the developing countries' stake in the worldwide trademark number of registrations is higher than in any other branch of IPRs.¹⁹⁷ Accordingly, TRIPS-Plus will diminish these countries' chances of competing and participating under the global trademark regime hence attributing more to their economic and financial disparities.¹⁹⁸

In addition, TRIPS-Plus agreements will also have negative consequences on the whole global IPRs regime since this would do little to change the developing countries' view that IPRs are a tool of western dominance and they should use whatever means possible to resist and slow down such a process.

¹⁹⁵ Mira comments by stating that "In some ways, the trade name seems even more fundamental than new technology in the emergence of the modern firm, modern products, and the understanding of modern industrial structures". Mira, *Supra* 32, at 70.

¹⁹⁶ See Primo-Braga and Fink, *Supra* 67.

¹⁹⁷ See Primo-Braga and Fink, *Ibid*, and Baroncelli, Fink, and Javorick, *Supra* 68.

¹⁹⁸ Same will apply in most other economic sectors including the pharmaceutical sector where a dozen or so multinational firms with headquarters in Europe or America where their sales account for roughly half of the world's \$550 billion retail drug market. See *The Economist* 'Pharmaceutical Survey: Prescription for Change' June 16th 2005. In addition, an African corporation will never be able to compete with the giant Procter and Gamble even at the domestic level since they lack the needed resources to invest in advertising and brand extension activities, a scenario which will be echoed in other developing countries as well.

6 Trademarks, Property Rights and Intellectual Property Rights

From the above discussion, it is clear that the debate about the role and protection of trademarks is a thorny issue. However, one must look at this debate from a number of angles. Although this debate is mainly triggered by trademark owners' intention to expand the boundaries of protection to new heights, one could also attribute the current developments in this field to a clear lack of understanding of the nature of the 'property right' under IPRs in general, and trademarks in particular.¹⁹⁹

Although IPRs are often labelled as 'monopolies', each of these intangible rights has a unique monopolistic nature. This nature is often confined to the purpose of allowing such monopoly to exist, hence maximising the benefit accruing to the society as a whole as a consequence of such protection. Accordingly, IPRs are protected in order to enhance creativity, innovation and competition in the marketplace and therefore they are an exception to the general principles of 'exclusive property'.²⁰⁰ Hence, if IPRs protection hinders those purposes, the costs of protection will outweigh its benefits thus rendering it ineffective.²⁰¹

There are many other differences which exist between property rights and IPRs that one must not lose sight of.²⁰² For example, unlike tangible property rights, use of IPRs is nonrivalrous; which means that IPRs overuse by members of the public won't

¹⁹⁹ The role of trademark owners is not unprecedented in the history of trademark regulation, in fact such attempts to influence and affect the formulation of trademark protection dates back to early days of protection. In this regard, Sherman and Bently explain that "another practice which helped to reinforce the association between trademarks and intellectual property rights arose from the pragmatic actions of trademark proprietors who, in the absence of a specific tailor-made register to trademarks, utilised the pre-existing arrangements for copyright and design". See Sherman and Bently, Supra 36, at 170.

²⁰⁰ Lemley explains that "IPRs are an exception to that norm, and they are granted only when- and only to the extent that- they are necessary to encourage invention...The proper goal of IP law is to give on this proper goal of IP law is to give as little protection as possible consistent with encouraging innovation". Lemley, Mark (2005) "Property, Intellectual Property and Free Riding" 83 Texas Law Review 4, 1031-1104, at 1031.

²⁰¹ It has been said that "As a matter of public policy, trademark law should accord a user an exclusive entitlement only when exclusivity creates more value than would be created by not according a use as exclusive interest". See Kratzke, Supra 9, at 204.

²⁰² These are beyond the scope of this research. Generally see Easterbrook, Frank (1990) "Intellectual Property is Still Property" 13 Harvard Journal of Law and Public Policy, 108-118, and Lemley, Mark (2005) "What's Different About Intellectual Property?" 83 Texas Law Review 7, 1097-1104.

deplete or incur direct additional costs on its owner.²⁰³ In addition, unlike tangible property rights, most IPRs are subject to limitations such as fair use and public policy considerations.

However, as noted before, IPRs should not be treated as one homogenous family of rights because they are not so. Accordingly, it is vital to acknowledge the unique nature of the 'property right' under trademark law as opposed to the notion of 'property right' under other types of IPRs.

Although trademarks are often talked about as 'property rights', lack of consensus exists about the extent of exclusivity that these rights enjoy.²⁰⁴ While patents and copyrights aim towards encouraging innovation and creativity, trademarks protect consumers by encouraging fair competition.²⁰⁵ Thus, the main purpose of trademark protection is not geared towards increasing the number of trademarks in the market, rather than the protection of the public. Moreover, unlike other branches of IPRs, trademarks offer indefinite legal protection for their users and thus should be subject to higher levels of scrutiny.

Moreover, the nature of the 'property right' under trademarks is subject to a number of rules and limitations. It is often argued that unlike other types of IPRs, selling a trademark without the accompanying business or goodwill of the company that originally developed them -referred to as assignment in gross- should be invalidated.²⁰⁶ However, increasingly, courts have shown willingness to allow the transfer of trademarks with minimum associated goodwill,²⁰⁷ in particular in relation to activities connected to licensing and merchandising. Such a departure from general rules would increase consumer search costs and will further empower the owners of

²⁰³ A situation often referred to as the 'tragedy of the commons'. For more see Garret, Hardin (1968) "The Tragedy of the Commons" 162 *Science*, 1243-1248.

²⁰⁴ Also theories about the basis of such protection differ, while some may attribute it to the issue of labour, others base it on moral factors and unjust enrichment. See Dogan, Supra 144.

²⁰⁵ Littman remarks "The law of trade symbols sought to advance the public interest by using the law as a device to snooker merchants into policing each other's abuses and thus into protecting consumers from deception. It rooted that effect in the principle that trademark rights were, at bottom, merely rights to act as a surrogate for consumer's interest, and not rights to be protected from competition". Littman, Supra 9, at 1721.

²⁰⁶ See Kratzke, supra 9. Some even argue that TRIPS embodies this shift of trademark nature by strengthening the view of treating trademarks as an exclusive property right. For more see Evans, Supra 123.

²⁰⁷ See *In re Roman Cleaner Co*, 802 f2d 207, 208-09 (6th Cir. 1986).

trademarks without taking into consideration such negative effect on the social welfare of the society.

Furthermore, trademarks enjoy none of the ‘bundle of rights’ that other forms of property and IPRs enjoy.²⁰⁸ Accordingly, trademark owners’ ‘property right’ aims toward excluding others from using that specific trademark or confusingly similar mark on other goods and services.²⁰⁹ All these limitations on trademark use provide us with a clear conclusion; the property right conferred to trademarks is a ‘non-exclusive’ and unique property right.

Most of these recent developments in trademark law need legal justification. Increasingly, trademark law is leaning more towards the protection of trademark owners rather than consumers. While it is evident that the economic rationale of trademarks has evolved in recent years, the legal doctrine seems to clash with these economic realities.²¹⁰ Consequently, expanding the protection of trademarks by assuming that they are subject to ‘exclusive property rights’ has no legal justification and runs in contradiction with the established legal thought.

- Conclusion

Trademarks play a pivotal role in every aspect of our lives. This chapter sheds light upon the historical development of trademarks. It is clear that the emergence of modern trademark legal protection and its scope has often been affected by the surrounding legal, social and economic environment. However, the debate surrounding the protection of property rights in general and IPRs in particular has also affected and shaped the interpretation of the trademarks’ ‘functionality’ rationale.

²⁰⁸ These include all the rights one obtains with the ownership of real property, which include the right to enter, use, lease, sell, and give away the real estate or the right not to do any of these things.

²⁰⁹ See Port, Kenneth (1993) “The Illegitimacy of Trademark Inconstiability” 26 Indiana Law Review 3, 519-587, at 553.

²¹⁰ Lemley explains that “The economic rationale for trademarks today is roughly the same as it was half a century ago. Unfortunately, the law is quite different”. Lemley, *Supra* 9, at 1697

The justification for the protection of trademarks is based around the protection of the public against confusion. Accordingly, the legal foundation of trademark law aims at the protection of the origin and source of the product bearing the trademark. However, social and economic developments facilitated the evolution of a number of 'economic' trademark functions; namely, the quality and the advertising functions.

As to what extent these functions are embodied in the legal framework of trademark protection is a matter of opinion and extensive research. However, one can derive that although the legal foundation of trademark law remains the same in theory, recent developments spurred by the trademark owners' interest to enhance and expand the boundaries of protection aided by several court decisions reflects a clear disconnection between trademark law and trademark theory.

The origin function under scrutiny shows that the evolution of a number of practices demonstrates a clear departure from the general theory of consumer protection to the investment protection in trademarks. Although, the far-reaching effect of the dilution doctrine is yet to be recognised fully, it is becoming apparent that trademark owners are using this doctrine to further their demands for greater levels of trademark protection even in situations where non-commercial activity is undertaken. This is resulting in the further erosion of the public space and human rights.

On the other hand, although the quality function may lack the necessary legal backing, it seems to be a realistic reason for awarding such protection. However, the need for more explicit legal provisions dealing with this subject under specialised trademark law is necessary. As Greer comments on the quality and origin functions by stating that "The first function generates social benefits and the latter generates social costs. The former yields benefits because quality identification informs buyers and reduces purchasing errors. The latter is responsible for social costs primarily because brand advertising is often the main fountain filling this exclusive repository with goodwill. In turn, advertising generates a variety of social costs-namely, purchasing errors, monopoly power, and profligate resource expenditure".²¹¹

²¹¹ Greer goes further to suggest that "Trademarks yield benefits, but only in so far as they identify quality. Thereby reducing purchasing errors or reducing the costs of assuring or identifying quality in

With regard to the trademark investment function, it is clear that more is needed to curb some of the abusive effects of persuasive advertising and its influence on consumers. As a matter of fact, recent judgements by the European Court of Justice including its rulings in the *Arsenal FC v Reed* and *Davidoff v Gofkid* cases reflect such a new flexible and more accommodating attitude towards the various functions performed by trademarks in modern commercial life by suggesting that while a trademark may indicate the trade origin of the product it may also perform other functions by providing consumers with a certain level of expectations and characteristics.²¹²

As to what extent IPRs should be treated as 'exclusive property' remains a matter of academic debate. Such is the nature of IPRs that it is a difficult task to achieve. Further, as far as trademark rights are concerned, the situation is no less complicated. As the Advocate General in *Hag* notes, "trademarks found their justification in a harmonious dove-tailing between public and private interests".²¹³

Trademark protection plays a pivotal role in the economic structure of most countries. Although lacking a clear national agenda to enhance and expand the role of trademarks in developing countries, increasingly these countries are encouraged to become active players at the global level. Indeed, developing countries' participation in global trademark registrations is the highest when compared to the participation of these countries in other forms of IPRs.²¹⁴ However, such a promising approach may be curtailed and hindered by the growing volume of bilateral trade agreements incorporating further TRIPS-Plus provisions. Empowering western based corporations and interest groups by expanding and strengthening trademark protection will diminish the chances of least developing and developing countries from competing

other ways. Strictly speaking, it is not necessary that Trademarks identify source or origin, since origin and quality are not necessarily synonymous". Greer, *Supra* 65, at 688.

²¹² For an interesting analysis of the functions of trademarks and the various cases see Norman, Helen (2004) "Time to Blow the Whistle on Trade Mark Use" 1 *Intellectual Property Quarterly*, 1-34. Also on 'global appreciation approach' see Griffiths, Andrew (2001) "The Impact of the Global Appreciation Approach on The Boundaries of Trade Mark Protection" 4 *Intellectual Property Quarterly*, 326-360.

²¹³ As Cornish and Llewelyn remark, "among those who seek to justify their position by reference to functions, it soon becomes apparent that there is no agreement about what these 'functions' are and that disagreement often reflects the underlying commitment to the proponent". Cornish, William and Llewelyn, David (2003) *Intellectual Property: Patents, Trademarks and Allied rights*, Fifth Edition, London, Sweet and Maxwell, at 589.

²¹⁴ See Fink and Primo-Braga, *Supra* 67.

and participating in the international trademark regime and will have great repercussions on technology transfer and development.

Chapter Three

The Evolution of Trademark Protection into the International Arena: From the Paris Convention to the TRIPS Agreement

- Introduction

As previously demonstrated,¹ one can trace back the early beginnings of trademark protection at the international level to the second half of the 19th Century when several sub-regional and bilateral agreements coupled with the ever-changing political, social and economic developments at the time, led to the conclusion of the first international comprehensive agreement in this field, namely the International Convention for the Protection of Industrial Property often referred to as the 'Paris Convention' in 1883. This agreement sailed through a turbulent century which was marred by two World Wars, great economic and financial depression and major changes in the global economic, political, and social spectrums; a century which has "more drastically transformed our world than it had been changed in the 500 or even 1,000 years of historical development up to the industrial revolution".²

More was to come after the Paris Convention at both the bilateral and multilateral levels as far as the protection of trademarks was concerned. The adaptation of a number of treaties and agreements, coupled with the subsequent revisions and modifications of the Paris Convention, facilitated the development of an international framework for trademark protection aiming towards keeping up with the pace of the evolving economic, social, political and technological changes. This was followed by the emergence of the General Agreement of Trade and Tariffs (The GATT Organisation) in 1947 and WIPO in 1967, in which the latter became the administrator

¹ See Chapter 2.

² Beier, Freidrich (1984) "One Hundred Years of International Cooperation - The Role of the Paris Convention in the Past, Present and Future" 15 IIC 1, 1-20.

of the main international conventions in this field.³ However, one giant step towards strengthening the protection of IPRs in general and the protection of trademarks in particular was the establishment of the World Trade Organisation (WTO) as a result of the Marrakesh Agreement in 1995 and its Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS).⁴

Although most pre-TRIPS attempts and agreements to regulate the protection of IPRs in general have touched upon the protection of trademarks internationally, they all shared two common features: the failure to establish any minimum levels of protection, and the lack of any binding and effective dispute settlement mechanism to resolve IPRs disputes multilaterally, a fact that led some to suggest that only after the TRIPS Agreement, one can say that “we had a true international regime for intellectual property rights”.⁵

It is also important to note that although more than a century has lapsed since the birth of the Paris Convention, one can say that real and concrete efforts for the regulation and enforcement of IPRs globally were only undertaken during the last three decades starting with the Tokyo Round of Trade Negotiations in 1973 until the conclusion of

³ See Mossinghoff, Gerald and Oman, Ralph (1997) “The World Intellectual Property Organisation: a United Nations Success Story” 79 *Journal of Patent and Trademark Office Society*, 691-699. Also see WIPO’s website at www.wipo.org.

⁴ See generally Qureshi, Asif (1996) *The World Trade Organisation: Implementing International Trade Norms*. Manchester, Manchester University Press. Triblock, Michael and Howse, Richard (1999) *The Regulation of International Trade*. London, 2nd Edition, Routledge. Also Correa, Carlos (2000) *Intellectual Property Rights, the WTO and Developing Countries*. Zed Books, Third World Network, Jackson, John (1998) *The World Trade Organisation: Constitution and Jurisprudence*. The Royal Institute of International Affairs, Chatham House Papers, Primo-Braga, Carlos (1996) “Trade-Related Intellectual Property Issues: the Uruguay Round Agreement and its Economic Implications” in Will Martin and L. Alan Winters (eds), *The Uruguay Round and the Developing Countries*, Chapter 12, Cambridge, Cambridge University Press. On history of TRIPS negotiations see Braithwaite, John and Drahos, Peter (2003) *Information Feudalism: Who Owns the Knowledge Economy?* New York, New Press.

⁵ May, Christopher (2003) “Why IPRs are a Global Political Issue” 1 *E.I.P.R.*, 1-5, at 2. However, a ‘regime’ in general terms may be defined as “sets of implicit or explicit principles, norms, rules, and decision making procedures around which actors’ expectations converge in a given area of international relations”. See Helfer, Laurence (2004) “Regime Shifting: the TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking” 29 *Yale Journal of International Law* 1, 1-83, at 10. Also see Ryan, Michael (1998) “The Function-Specific and Linkage-Bargain Diplomacy of International Intellectual Property Law Making” 19 *University of Pennsylvania Journal of International Economic Law* 2, 535-586. Also see Wolfhard, Eric (1991) “International Trade in Intellectual Property: The Emerging GATT Regime” 49 *University of Toronto Faculty of Law Review*, 106-151.

the TRIPS Agreement in 1995, in which a number of initiatives and agreements were sought and implemented during this time.⁶

This chapter will shed light upon the historical development of trademark protection at the international level from its earliest beginnings. It will also discuss the various initiatives and efforts conducted in this regard, especially during the last three decades, which led eventually to the conclusion of the TRIPS Agreement. This chapter will also discuss the problems of 'piracy' and 'counterfeiting' as far as trademark protection is concerned. Finally, an examination of the unique role of trademark protection and its influence regarding the conclusion of several important agreements related to IPRs protection in general will also be discussed.

1. The International Framework

One can divide the development of the international framework for the protection of IPRs in general and trademarks in particular, into three phases;⁷ the first phase started with the signing of the Paris Convention and continued with its subsequent revisions. This phase may be described as the 'foundation phase' because it facilitated the establishment of the main principles and levels of IPRs protection internationally. The second phase emerged with the establishment of GATT. This phase may be characterised as the 'informative phase' in which reference to issues related to IPRs started to emerge at various international fora. Finally the most influential phase started with the negotiations of the Tokyo Round and lasted until the establishment of

⁶ This may also be attributed to the change of attitudes towards the protection of IPRs as will be discussed later in this chapter by considering it as a 'trade-related issue' rather than a separate and isolated one. The emergence of 'cross-bargaining' trade agendas and initiatives were also part of this shift of attitudes. For more see Primo-Braga, Carlos (1989) "The Economics of Intellectual Property Rights and the GATT: A View from the South" 22 Vanderbilt Journal for Transnational Law 2, 243-264.

⁷ The writer devises his own classification for such phases based on the development levels of the protection of IPRs internationally. However, it is important to point out that these waves and phases were intertwined at certain stages with each other and were built and elaborated upon accordingly. They also reflected the development of the legal and economic thought surrounding the protection of trademarks and the balance of power affiliated to such a process. However, other writers incorporated another framework for such a classification. For example, Drahos divides such phases into the; the territorial period, the international period and the global period respectively. See Drahos, Peter (1999) "Intellectual Property and Human Rights" 3 Intellectual Property Quarterly, 349-371. See also Gervais, Daniel (2001-2002) "The Internationalisation of Intellectual Property: New Challenges from the Very Old and the Very New" 12 Fordham Intellectual Property, Media and Entertainment Law Journal, 929-990.

the WTO in 1995. This phase may be referred to as the ‘enforcement phase’ in which countries alike were forced, through various ways, to adopt and incorporate minimum levels of IPRs protection within their legislations.⁸

1.1 The Foundation Phase: The Early Beginnings

As explained in the previous chapter, modern national legislation for the protection of trademarks started to emerge first during the second half of the 19th Century. The main focus of that legislation was the protection and regulation of the domestic market by taking into consideration the local aspects of competition and trade policy while at the same time paying little attention to the extra-territorial nature of such rights. However, due to the state’s expanding frontiers, the development of a more efficient method of communication and transportation, and the great changes affecting the day to-day lifestyle as a result of the industrial revolution and the emergence of modern consumerist ideologies, it became apparent that the need for extra-territorial arrangements to protect IPRs in general and trademarks in particular beyond the recognised boundaries of the state was needed. This can only be achieved through a more cooperative mutual cross-territorial approach between the countries concerned. Therefore, the evolution and introduction of new concepts and principles in this regard, such as the national treatment and most favoured nations principles were of great importance as far as the protection of IPRs was concerned.

Although most agreements related to the protection of IPRs preceding the Paris Convention were of a bilateral and regional nature, it is important to take into consideration the circumstances within which such agreements emerged.

Historically, agreements related to the protection of IPRs came to represent only a part of a wider range of treaties, which relate to commerce and trade. Indeed, IPRs provisions were rather “inserted in a treaty of commerce or treaty of amity”⁹ instead of

⁸ On the position of the developing countries during the Tokyo Round of negotiations see Balassa, Bela (1980) “The Tokyo Round and the Developing Countries” 14 *Journal of World Trade Law* 2, 93-118.

⁹ Ladas, Stephen (1975) *Patents, Trademarks, and Related Rights: National and International Protection*. Volume 1, Harvard University Press, at 44. For example, Article X of the Convention of February 28, 1882 between Great Britain and France to regulate the Commercial and Maritime

being independently negotiated and concluded. However, the nature of such arrangements was limited and only confined to the parties to these agreements. In this regard, one can trace back the origins of the national treatment and reciprocity principles as early as 1859 when reference to these principles was explicitly made in the provisions of the Treaty of Commerce between Great Britain and Russia.¹⁰

It is also important to note that prior to the conclusion of the Paris Convention, the protection of trademarks had intensified through the conclusion of several declarations and arrangements between a number of countries. For instance, the recognition of the principle of most favoured nation and the right of other countries to incorporate their own procedures and measures to register and protect trademarks was admitted in several agreements and declarations. This was visible in the Declaration between the United States and Great Britain in 1877 which stipulates “The subjects or citizens of each of the contracting parties shall have, in the dominions or possessions of the other, the same rights as belong to native subjects or citizens, or as are now granted, or may hereafter be granted, to the subjects and citizens of the most favoured nation, in everything relating to property in trademarks and trade labels. It is understood that any person who desires to obtain the aforesaid protection must fulfil the formalities required by the laws of the receptive countries”.¹¹

Moreover, the recognition of the national treatment principle for trademark protection was also referred to in several agreements and initiatives including the Declaration between Great Britain and Switzerland in 1880 which states “The subjects or citizens of each of the contracting parties shall enjoy, in the dominions and possessions of the other, the same rights as are possessed by native subjects or citizens, or as may

Relations stipulates “The subjects of each of the two High Contracting parties shall, in the dominion of the other, enjoy the same protection and be subject to the same conditions as native subjects in regard to the rights or property in trade marks, names of firms, and other distinctive marks showing the origin or quality of goods, as well as in patterns and designs for manufacturers”. In British and Foreign State Papers 1882, at 29.

¹⁰ Treaty of Commerce between Great Britain and Russia December 31- January 12, 1859, Article XLIX states “it is equally understood that the exemptions, immunities, and privileges hereinafter mentioned, shall not be considered as at variance with the principle of reciprocity which forms the basis of this Treaty of this date...”. In British and Foreign State Papers 1859, at 65-66.

¹¹ The Declaration of October 24, 1877 between the United States and Great Britain for the Protection of Trademarks. In British and Foreign State Papers 1877, at 12-13.

hereafter be granted to the subjects or citizens of the most favoured nation, in everything relating to the protection of property in manufacturing or trademarks".¹²

To this effect, such arrangements and agreements played a pivotal role for setting up the minimum standards and levels of protection in this field including the principle of national treatment, which was later adopted by the first international comprehensive agreement in this field namely:¹³ the Paris Convention for Industrial Property in 1883.¹⁴

However, it is noteworthy to elaborate on the fact that such pre-Paris intellectual property treaties and initiatives were specifically and solely concerned with the protection of trademarks and designs.¹⁵ This early emphasis on the protection of this particular branch of IPRs does indeed reflect the recognised importance of those rights as well as the early development of a mature legal thought surrounding the protection of those rights. Therefore one can recognise the significant and historical contribution of trademark protection by setting down the minimum standards and principles of protection which were later incorporated under the emerging regional and multilateral regimes for the protection of IPRs as a whole.

1.1.1 The Paris Convention for the Protection of Industrial Property

The Paris Convention, which was signed on March 20, 1883, became the first ever comprehensive multilateral agreement for the protection of industrial property. For a

¹² The Declaration of November 6, 1880 between Great Britain and Switzerland for the Reciprocal Protection of Manufacturing and Trade Marks. In British and Foreign State Papers 1880, at 47-48. Also see the Declaration of November 28, 1879 between Great Britain and Denmark for the Protection of Trade Marks and the Declaration of January 6, 1880 between Great Britain and Portugal for the Protection of Trade Marks. Both in British and Foreign State Papers, 1879 and 1880, at 8 and 12 respectively.

¹³ For more on ancient bilateralism in IPRs agreements see generally Drahos, Supra 7.

¹⁴ Ladas concludes that "in 1883, the various agreements for the protection of industrial property rights were constituted by provisions inserted in twenty-two treaties or conventions of commerce, one consular convention, thirty-eight declarations, arrangements, and the like, and eight special conventions". Ladas, Supra 9, at 45. For more on Paris Convention see generally Beier, Supra 2 and Botoy, Ituku (Jan 2004) "From the Paris Convention to the TRIPS Agreement: a One-Hundred-and-Twelve-Year Transitional Period for the Industrialised Countries" 7 *The Journal of World Intellectual Property* 1, 115-130 and Loughran, Regina (1981-1982) "The United States Position on Revision of the Paris Convention: Quid Pro Quo or Denunciation?" 5 *Fordham International Law Journal*, 411-439.

¹⁵ For more see Ladas, Ibid, Chapter 3.

long period of time, it came to represent the main instrument for protecting patents, trademarks, trade names, and at the same time dealt with various issues related to unfair competition.

However, when looking at the roots of the Paris Convention, one must take into consideration the surrounding circumstances into which the Paris Convention was born. During the second half of the 18th Century, an apparent lack of recognition towards foreign IPRs existed. This may be attributed to various factors such as the animosity that flourished between the warring empires and the mistrust that accompanied such a process at the time. Thus, in 1873 when the Austria-Hungry Government sent out invitations for innovators and inventors to take part in its International Exposition, the concerned parties showed scepticism and reluctance to join the exposition because of the belief that the Austria-Hungry Government did not provide any adequate legislation to the creators to protect their works from theft and piracy. In fact, other countries including the United States and Britain believed that it was an attempt by the Austrians to benefit from such exposition without protecting the rights of foreign innovators and creators.¹⁶

Due to mounting pressures, the Austria-Hungry Government proclaimed a temporary law protecting foreigners' works exhibited at the conference from any infringements. Arrangements were also made to hold a Congress at the exposition to debate the issue of international protection for patents. Accordingly, in 1873, the Congress adopted several declarations acknowledging the right of inventors to have their works protected and the need for countries to incorporate patent protection within their domestic legislations.

The Vienna Exposition and its subsequent Congress was followed in 1878 by the Paris International Congress on Industrial Property during the Paris Exposition. The Paris Congress broadened its scope and extended the debate to include other matters including trademarks, designs, models, trade names, industrial rewards in addition to patents.

¹⁶ Generally see Ladas, Ibid, and Piatti, Marie-Christine (1989) "Measures to Combat International Piracy" 7 EIPR, 239-246.

Accordingly, the Paris Convention's conclusion came after several contentious international meetings and conferences, which were aimed at providing a "number of provisions suitable for incorporation in an international convention"¹⁷ through the adaptation of certain levels of protection for IPRs between member states. As a consequence of those efforts, 11 countries signed up and ratified the Paris Convention officially in March 1883.¹⁸ After more than a century, this number grew to include 166 countries.¹⁹

Accordingly the main functions of the Paris Convention could be summarised as the creation of a set of rules and principles related to the protection of IPRs which aims towards facilitating international recognition and cooperation between countries in the field of IPRs.

1.1.2 Main Characteristics

One of the main and most important characteristics of the Paris Convention is the introduction and adaptation of the *national treatment* clause of Article 2 of the Convention.²⁰ The introduction of this newly designed principle at the time meant that equal treatment must be exercised towards all nationals of member states of the Convention as that treatment awarded to locals without any discrimination. In this context, Article 3.1 states "Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights especially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal

¹⁷ Ladas, *Ibid*, at 63.

¹⁸ The founding countries were Belgium, Brazil, France, Guatemala, Italy, The Netherlands, Portugal, Salvador, Serbia, Spain, and Switzerland.

¹⁹ See the World Intellectual Property Organisation (WIPO) website www.wipo.int/treaties/en/documents/pdf/d-paris.pdf. (Last visited September 2005).

²⁰ For more on national treatment see Hart, Michael (1987) "The Mercantilist's Lament: National Treatment and Modern Trade Negotiations" 21 *Journal of World Trade Law* 6, 37-61 and Kunz-Hallstein, Hans (1989) "The United States proposal for a GATT Agreement on Intellectual Property and the Paris Convention for the Protection of Industrial Property" 22 *Vanderbilt Journal for Transnational Law* 2, 265-284.

remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with”.

The inclusion of such a principle facilitated and encouraged the growth of IPRs protection worldwide. Indeed, this principle was described as “an indispensable prerequisite for free trade and unrestrained exchange of technology”.²¹ This principle also suggests that the sought law of implementation is the law of the country for which protection of intellectual property is claimed. Thus, the ‘national treatment’ clause, coupled with the lack of the reciprocity requirement under this Convention, reflected the Paris Convention’s acknowledgement of the territorial aspect of intellectual property protection while at the same time provided member countries with sufficient flexibilities to encourage their admission to this convention without infringing upon their own national sovereignty.

The Convention loosely incorporated the notion of ‘minimum standards’ within its provisions which meant that member countries must adhere to a certain minimum level of protection within their territories. This also meant that members may set higher levels of protection if they deemed so necessary as long as they apply the ‘national treatment’ principle. Accordingly, a ‘bottom up’ rather than a ‘top down’ approach was implemented under this agreement.²²

However, it is worth explaining in this regard that although the Paris Convention incorporated the notion of minimum standards of protection, one must note that such incorporation was of a loose and flexible nature. Thus, the Paris Convention was silent on the definition of several issues including the definition of trademarks. It also lacked any binding and efficient dispute settlement to deal with disputes arising from the interpretation of its provisions. In fact this weak and loose nature of ‘minimum standards’ of protection under the Paris Convention has often subjected it to high levels of criticism.

²¹ Beier, Friedrich, *Supra* 2, at 9.

²² For more see Reichman, Jeremy (1989) “Intellectual Property in International Trade: Opportunities and Risks of a GATT Connection” 22 *Vanderbilt Journal of Transnational Law* 2, 747-891.

1.1.3 Trademark Protection under the Paris Convention

Although the Paris Convention incorporated a number of provisions related to the protection of trademarks, the Convention did not provide a definition for the protected subject-matter thus giving member states the discretion in determining it. Thus, the Convention left the door open for member countries to adopt their own definition of a trademark as long as they pay recognition to the principle of national treatment.

However, the Paris Convention laid down the general basis for an advanced framework for the protection of trademarks by recognising the protection of famous and well-known trademarks,²³ service marks,²⁴ trade names,²⁵ priority period,²⁶ the protection of indications of origin and certificate marks,²⁷ and protection against unfair competition.²⁸

1.1.4 Revision of the Paris Convention

In order to keep up with the development of the economic, financial, political and technological advances, the drafters of the Paris Convention envisaged the need for periodical meetings of member countries to revise and improve the Convention to keep pace with those developments.²⁹ In this regard, the Paris Convention was revised several times and was amended once in 1979.³⁰

²³ Paris Convention, Article 6 bis. However, it is important to point out that the term 'Well-Known' was first incorporated into the Paris Convention as early as 1925. For more see Mostert, Frederick (1996) "Well-Known and Famous Marks: Is Harmony Possible in the Global Village?" 86 *Trademark Reporter*, 103-141.

²⁴ Ibid, Article 6 *sexies* states 'The countries of the Union undertake to protect service marks. They shall not be required to provide for the registration of such marks'. However, it is noteworthy to mention that registration of service marks in the UK was first allowed in 1984 by virtue of the 1984 Trade Marks Act.

²⁵ Ibid, Article 8 states 'A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark'.

²⁶ Ibid, Article 4 *bis*.

²⁷ Ibid, Article 10 and Article 6 *quinquies*.

²⁸ Ibid, Article 10 *bis* and 10 *ter*.

²⁹ Ibid, Article 18 State "This Convention shall be submitted to revision with a view to the introduction of amendments designed to improve the system of the Union. (2) For that purpose, conferences shall be held successively in one of the countries of the Union among the delegates of the said countries". Increasingly, as Kunz-Hallstein remarks, the subsequent reforms of the Paris Convention were later focused towards the 'transformation of the international patent protection into a more 'satisfactory' instrument for aiding developing countries in the transfer and development of technology'. See Kunz-

Those revision meetings enriched the convention. Accordingly, a substantial body of provisions supplemented the already existing agreement after each meeting. For example, in the 1900 Brussels Revision Conference, an extension for the priority period from six months to twelve months was incorporated for patents. Further, an extension for the priority period from three months to four months was incorporated for trademarks. Moreover, Article 10bis which relates to acts of unfair competition was introduced to the convention for the first time.

In the 1911 Washington Revision Conference, no new provisions were introduced. However, several amendments to the convention were made. The most important amendment was the extension of the National Treatment clause of Article 2 to include indications of origin and models of utility and the protection against acts of unfair competition. The conference also made it clear that the principle of 'patents independence'³¹ should be exercised in an absolute manner.

The 1925 Hague Revision Conference modified some of the existing provisions such as the extension of up to three years for non-use of a patent before it would be forfeited. Further improvements were also made in relation to trademarks and acts of unfair competition.

The 1934 London Revision Conference adopted several amendments related to patents. More emphasis on the rights of inventors was affirmed including the right of the inventor to be named on the patent and the inadmissibility of a patent if it was non-workable unless a compulsory license has first been granted.

The 1958 Lisbon Revision Conference produced several additions and amendments to the convention. Articles 4quater and 5quater regarding protection of process patents and the invalidation of patents were added. As far as trademarks are concerned, Article 6 was split into two Articles; 6 and 6quinquies which deal with issues of registration. In addition to other amendments to Article 10bis, Article 6septies was

Hallstein, Hans (1979) "The Revision of the International System of Patent Protection in the Interest of Developing Countries" 10 *IIC* 6, 649-670, at 651.

³⁰ Revisions took place in Brussels in 1900, Washington in 1911, Hague in 1925, London in 1934, Lisbon in 1958 and finally Stockholm in 1967.

³¹ This principle means that patents are to be respected in each country separately from other member countries regarding the grounds for refusal and revocation, as well as in regard to their normal duration.

added to deal with unauthorised registration by an agent of the proprietor of a trademark. Moreover, the protection for service marks was introduced under Article 6sexies for the first time.

The Stockholm Revision Conference of 1967 was one of the most important revision conferences. Acknowledging that the weakness of the Convention was its lack of an effective dispute settlement mechanism, member states agreed to introduce a dispute settlement mechanism in which disputes between member countries may be brought before the International Court of Justice (ICJ) if negotiations failed between the concerned countries to resolve the arising dispute.³²

Structural changes were also made to the Paris Convention in the 1967 Conference. Accordingly, this Conference laid down the grounds for the establishment of the World Intellectual Property Organisation (WIPO).³³

The increased international attention and focus towards IPRs necessitated the need for further structural modification of the current BRIPI framework. Thus the rise of WIPO was seen as an ideal opportunity to enhance and achieve the desired levels of protection for global IPRs. Although, WIPO came into force in 1970, it was not a part of the United Nations until 1974, at which time it became a specialised agency of the UN system of organisations with a mandate to administer issues related to IPRs. In 1996, WIPO entered into a cooperation Treaty with the WTO.³⁴

The attempts to revise and improve the Paris Convention through revision conferences were partly successful.³⁵ However, one cannot deny the contribution those conferences made towards creating a more conducive environment for the protection of IPRs prior to the creation of GATT in 1947 and WIPO in 1967, especially when

³² Paris Convention, Article 28.1.

³³ Historically, the Paris Convention had its independent Bureau responsible for its administration. In 1893, the Paris and Berne Convention's Bureau joined ranks to form the International Bureau for the Protection of Intellectual Property (BIRPI). BIRPI is derived from the French acronym "Bureaux Internationaux Réunis Pour La Protection de La propriété Intellectuelle". Often referred to as the predecessor of WIPO.

³⁴ Currently, WIPO administers 23 agreements related to worldwide protection of IPRs. For more see www.wipo.org.

³⁵ See Beier, *Supra* 2.

one takes into consideration the survival of the general framework of the Paris Convention through the two World Wars.³⁶

1.1.5 Attitudes and Views on the Paris Convention

As discussed earlier, the Paris Convention functioned as an international organisation rather than a mere Convention through its BIRPI body and later through its WIPO's administration. It has its independent resources,³⁷ a General Assembly³⁸ with an Executive Committee,³⁹ and an International Bureau.⁴⁰

To some, the Paris Convention represents the 'earliest global model' of the protection of IPRs, the agreement that transformed the protection of IPRs to different heights. However, such a view was contested by many others.

The disagreement about how IPRs should be protected has always been subject to controversy between the developing and developed countries; however, on the issue of the Paris Convention, one can see that both share a great animosity towards this convention for different and variant reasons. However, it is important to note that such attitudes and views were formulated and developed over the years and reflect the shift of the balance of power between those countries in accordance with the occurring and revolving social, political and economic developments of the time.

The developing countries' attack against the Paris Convention arises from a number of factors: First, developing countries believed that the Convention as it stands was too biased towards the protection of IPRs holders (mainly citizens of the developed countries). In fact, they maintained that even after revising the convention several times, each revision attempt led to the extension of these IPRs by adopting stronger provisions in favour of the developed countries to the detriment of the social and economic interests of the developing countries.

³⁶ For more see Ladas, *Supra* 9, Vol III.

³⁷ Paris Convention, Article 16.

³⁸ *Ibid*, Article 13.

³⁹ *Ibid*, Article 14.

⁴⁰ *Ibid*, Article 15.

Second, developing countries believed that the Paris Convention should also aim to facilitate the diffusion and transfer of technology from developed to developing countries, a matter which was highly objected to by the developed countries which believed that the main purpose of the convention was merely the protection and regulation of IPRs and not the facilitation of technology transfer.

Third, developing countries also believed that the convention should be revised and modified to take into consideration their stage of development. Thus, the developing countries' call for a permanent preferential treatment under the Paris Convention was constantly challenged and vigorously opposed by the developed countries on the grounds that any preferential treatment should only be of a transitional and temporary nature with a very narrow interpretation.⁴¹

Fourth, the decision-making process under the Paris Convention was also highly criticised. The requirement of unanimity under this convention has often been the centre of grievance by developing countries. To the dislike and opposition of the developed countries which later came to represent the minority members under the convention, developing countries favoured a system that will give them the ability to achieve amendments and more preferential treatment under the convention by utilising their majority presence.⁴²

Accordingly, the failure of the developed countries to take into consideration the above mentioned factors led the developing countries to label the Paris Convention as a "tool of the industrialised countries already in possession of technology".⁴³ Such feelings were exacerbated by the colonisation process which coincided with the establishment and development of the Convention and was later exercised by the

⁴¹ For more see Kunz-Hallstein, Hans, *Supra* 29. However, the form of such a 'preferential treatment' has often been subject to interpretation. For example, some interpret the meaning of 'preferential treatment' as that 'when a developing country may not be asked to give a concession in a particular area that is contrary to its development needs, no matter how great the offsetting advantages offered elsewhere by the developed countries'. See Bronckers, Marco (1994) "The Impact of TRIPS: Intellectual Property Protection in Developing Countries" 31 *Common Market Law Review*, 1246-1281, at 1250.

⁴² Under such a system, all members collectively had to agree to any amendments to the Convention. However, it would be enough to block the adaptation of any decision if only one member objected. Later, when the number of member states increased tremendously, the requirement of unanimity was almost impossible to achieve under such an environment. For more see Ballreich, Hans and Hallstein, Hans (1978) "Revision of the Paris Convention: The Principle of Unanimity" 9 *IIC* 1, 21- 31.

⁴³ See Beier, *Supra* 2, at 14-15.

industrialised countries towards developing and least developing countries over the years.⁴⁴

Accordingly, the developing countries felt that the protection of IPRs as proposed can only harm their domestic economies and hinder their development; therefore, they felt that they have nothing to gain from introducing or strengthening their IPRs because they simply lacked the comparative advantage in this field.⁴⁵

The attack on the Paris Convention was not confined to that of the developing countries. Developed countries attacked the Convention as well by noting that it is a weak institution incapable of regulating and enforcing the protection of IPRs properly.⁴⁶ The lack of any substantial enforcement provisions and the loose nature of the standard-setting procedure adapted by the convention represented some of its main deficiencies.⁴⁷

Moreover, the lack of any efficient and credible dispute settlement capable of forcing its members to implement and comply with its provisions made the implementation of the Convention a matter devoid of any substantial enforcement mechanism, or of a rather 'toothless' one in nature.⁴⁸

⁴⁴ Further, Botoy goes as far to suggest that the "colonial regimes impeded any development of local technology or innovation until independence was granted to most African countries around the year 1960". See Botoy, *Supra* 14, at 116. Also generally on history of colonisation and IPRs see Drahos, Peter (Sep 2002) "Developing Countries and International Intellectual Property Standard-Setting" 5 *The Journal of World Intellectual Property* 5, 765-789, at 766.

⁴⁵ Generally see Loughran, *Supra* 14.

⁴⁶ Kunz-Hallstein describes the United States' attitude during the '70s and '80s by stating that "the US government has taken the position that the present intellectual property treaties including the Paris Convention, can no longer be regarded as instruments sufficiently responsive to modern protective needs of intellectual property owners, and consequently, to the interests of the national economies of the states party to these treaties". Kunz-Hallstein, *Supra* 29, at 267.

⁴⁷ Historically, such treaties which rely primarily on the national treatment principle with no clear and firm minimum levels of protection have an inherent problem. As Penchman comments in this regard, member states of such treaties "are free to treat foreign interests poorly as long as domestic interests are treated as poorly". See Penchman, Robert (1998) "Seeking Multilateral Protection for Intellectual Property: The US 'TRIPS' Over Special 301" 7 *Minnesota Journal for Global Trade*, 179-210, at 181-182.

⁴⁸ Even after the introduction of the dispute settlement procedure as a result of the Stockholm Revision Conference in 1967, whereby the International Court of Justice (ICJ) was given jurisdiction over the disputes arising from the interpretation of the Convention, countries suggested that such a procedure remained weak and legally unbinding due to the fact that both parties of the dispute have to consent to the ICJ jurisdiction voluntarily, in which history proved that countries rarely do so in such circumstances. For more see generally Botoy, *Supra* 14 and Beier, *Supra* 2. However, for a different opinion, see Kunz-Hallstein in which he explains that 'the opinion that the Paris Convention is lacking any enforcement measure is obviously not well-founded in law'. Kunz-Hallstein, *Supra* 29, at 282.

Further attacks were also launched by developed countries against the Convention's provisions of renouncing the requirement of reciprocity in which such countries believed that the lack of this principle hindered the development and enhancement of this Convention by enabling 'free riders' to benefit from this Convention without providing any concessions in return.⁴⁹

Although most of the attack against the Paris Convention by the developing countries was based and shaped in accordance with the Convention's biased protection for patent owners, developing countries also attacked the convention's own provisions on trademark protection. Accordingly, The Paris Convention was criticised and described as an "antiquated document that provides no effective mechanism for the detection and persecution of trademark counterfeiting". It also failed to prescribe an "objective standard for trademark protection and leaves a great deal to the discretion of its signatory members".⁵⁰

Finally, since the 1950s, the Convention has been debilitated by the increasing polarisation of its membership. Alliances between countries were created and blocked any major revision of the Convention. This polarisation was exasperated by WIPO's administration of the Paris Convention, hence making its activities more susceptible to governmental and bureaucratic influence.⁵¹

1.2 The Informative Phase: GATT and Beyond

After the conclusion of the Paris Convention, further attempts to regulate and strengthen the protection levels' of IPRs were deemed necessary. Accordingly, the Berne Convention for the Protection of Literary and Artistic Works was concluded in

⁴⁹ Reciprocity means that the principle of national treatment is to be implemented regardless of whether or not citizens of the country conferring protection would be offered the same or an equivalent protection in the home country of the party seeking protection. For more see Beier, *Supra* 2 and Loughran, *Supra* 14.

⁵⁰ Prebluda, Diane (1986) "Note on Countering International Trade in Counterfeit Goods" 12 *Brooklyn Journal of International Law*, 339-367, at 346.

⁵¹ For more see Menescal, Andrea (2005) "Those Behind the TRIPS Agreement: The Influence of the ICC and the AIPPI on International Intellectual Property Decisions" 2 *Intellectual Property Quarterly*, 155-182.

1886. In addition, in 1891, the Madrid Agreement for Trademarks Registration⁵² was concluded creating for the first time an international authority for the registration of trademarks. Under this Agreement, the owner of a home country trademark registration, commonly referred to as the 'basic registration', may file an international application with its national trademark office and designate other Member States in which extension of protection is desired.⁵³ Moreover, an international agreement for depositing industrial design and models was also concluded in 1925 in The Hague. Clearly, additional efforts were exerted to inform and expand the protection of IPRs at the international and multilateral framework.

Such an upsurge in the efforts to strengthen the protection of IPRs can be attributed to a number of reasons. The changing economic and political environment coupled with an apparent lack of awareness and knowledge related to the characteristics and nature of IPRs in general and trademarks in particular played a pivotal role in such a process. Ladas describes the situation by remarking that "at the end of the 19th Century, international trade of trademarked goods was still quite small as compared with trade of goods in bulk. There was sparse knowledge of foreign trademark law on the part of manufacturers and merchants or their legal advisors. There were few experts in international trademark practice. The problem of retaining and using local attorneys in foreign countries to register trademarks used in international trade and the expense of foreign registration were at the time difficult problems for trademark owners".⁵⁴

World War I and World War II brought international economic relations to a near standstill. During the wars, unfair practices in trade and attempts to deceive consumers

⁵² Agreement of Madrid for the International Registration of Trademarks of 14 April 1891.

⁵³ Some suggest that this agreement was only truly activated in 1989 after the adaptation of the Madrid Protocol Relating to the Madrid Agreement. The absence of several influential countries (including the UK, Japan and the USA) from the membership of this Agreement for over a century crippled its development. The Protocol differs from the original agreement as it allows a choice for applicants to be registered internationally based on national applications and national registration. It also reaches a compromise over the issue of fees charged for applications by giving the office of a designated country who is a party of the Agreement the right to receive, instead of share of the revenue from the standard fees, an 'individual fee' whose amount may not be higher than the fees it charge for national. In addition, the Protocol diminishes the effect of 'central attack' by allowing the registrant to transform the extensions of protection of the international registration into national applications while retaining the international application's effective filing date. For more generally www.aspip.org/ch5.pdf, Samuels, Jeffery and Samuels, Linda (1993-1994) "The Changing Landscape of International Trademark Law" 27 *George Washington Journal of International Law and Economics*, 433-455, and Leaffer, Marshall (1998) "The New World of International Trademark Law" 2 *Marquette Intellectual Property Law Review*, 1-31.

⁵⁴ Ladas, *Supra* 9, Vol II, at 1424.

about the origin of products (especially if they belonged to enemy states such as Germany and Italy) led to public outcry against such practices. More emphasis was needed to introduce modern unfair competition and antitrust regulations and laws. Interestingly, as far as the Paris Convention is concerned, such interruption in the international economic relations did not diminish or erase the Convention's important standing as a landmark convention for the protection of IPRs.⁵⁵

The emergence of the General Agreement on Tariffs and Trade (GATT) after World War II in 1947 marks the beginning of the second phase of IPRs protection at the international level. However, due to the fact that the Paris and Berne Conventions were open-ended and unlimited agreements, coupled with the continuous periodical revision process of those Conventions, their member states saw it unnecessary to further the protection of IPRs beyond the indirect reference to those rights under GATT. Even the United States (being the main advocate of strengthening the protection of IPRs globally during the past century), did not foresee the need to incorporate additional provisions on IPRs under GATT, especially when one takes into consideration the fact that at the time of GATT's conclusion, less than 10% of the United States exports were in any way related or tied to IPRs.⁵⁶

GATT represents the first "world major trade-liberalisation organisation".⁵⁷ Although not negotiated at Bretton Woods in which the World Bank (WB) and the International Monetary Fund (IMF) were established in 1945, nevertheless, GATT is often seen as a part of the Bretton Woods system of global economic management.⁵⁸

⁵⁵ Indeed, as Ladas concluded "no member of the Union denounced the Convention of the arrangements or considered these as abrogated". Ladas, *Supra* 9, Vol 1, at 83.

⁵⁶ Gadbow, Michael (1989) "Intellectual Property and International Trade: Merger or Marriage of Convenience?" 22 *Vanderbilt Journal of Transnational Law* 2, 223-242, at 232. Cited from Gadbow, Michael and Richards, Timothy, (1988) eds., *Intellectual Property Rights: Global Consensus, Global Conflict?* Boulder and London: Westview Press. However, this changed dramatically over time. For example, "in 1956, for the first time in American history, white-collar workers in technical, managerial and clerical positions outnumbered blue-collar workers. Industrial America was giving way to a new society, where, for the first time in history, most of us worked with information rather than producing goods". Naisbitt, John (1982) *Megatrends, Ten New Directions Transforming Our Lives*. New York, Warner Books, at 2.

⁵⁷ Daniels and Radebaugh (1995) *International Business: Environments and Operation*. Addison-Wesley Publishing 7th Edition, at 226. Also see Jackson, *Supra* 4.

⁵⁸ See Williams, Marc (1994) *International Economic Organisations and the Third World*. London, New York, Harvester Wheatsheaf, in particular Chapter 6. On Bretton Woods and the WB and IMF see generally Spero, Joan and Hart, Jeffrey (2000) *The Politics of International Economic Relations*. London, 5th Edition, Routledge.

The establishment of GATT was influenced by several strands of thought. The United States believed that opening up markets and reducing tariffs would be beneficial to its ever-growing base of industrial production. At the same time, the industrialised countries especially the United States, Japan and some European states reached the conclusion that protectionism would be harmful to their economic and political development and therefore the need for a freer trade policy in the global market is needed. In addition, increased emphasis on the growth of technology, and the ever-increasing importance of world trade globally, influenced the structure of the new organisation.⁵⁹

GATT's main focus was on tariff reduction and free trade. This was facilitated by the introduction of a dispute settlement to resolve any issues arising from the interpretation of the agreement. Nevertheless, GATT did not refer to IPRs directly.⁶⁰ This made its coverage over IPRs marginal and of a low-key nature.⁶¹

Attempts to revise GATT were very limited. Accordingly, there were two attempts to do so. The first attempt was in 1955; its purpose was to transform GATT into a formal international organisation. However, the attempt failed and no agreement was concluded. The second attempt took place in 1965 in which Part IV, relating to Trade and Development, established new guidelines in favour of the developing countries was incorporated into the organisation.

1.2.1 Intellectual Property Rights under GATT

As mentioned, GATT did not refer to the protection of IPRs directly. Rather, it became apparent that the protection of IPRs under GATT was aimed towards

⁵⁹ Technology and global growth according to Abbott created the so-called 'IPR Problem'. See Abbott, Fredrick (1989) "Protecting First World Assets in the Third World: Intellectual Property Negotiations in the GATT Multilateral Framework" (1989) 22 *Vanderbilt Journal of Transnational Law* 4, 689-745, at 696. Also see Uchtenhagen, Ulrich (1999) "The GATT Negotiations Concerning Copyright and Intellectual Property Protection" 21 *IIC* 6, 765-782.

⁶⁰ It is noteworthy to mention that the failed proposed International Trade Organisation (ITO) Draft Charter had an entire chapter devoted to restrictive business practices relating to rights under patents, trademarks, copyrights, unlike GATT which does not include such a chapter and in general was intended to apply only to goods. On ITO see Spero and Hart, *Supra* 58 and Reichman, *Supra* 22.

⁶¹ Indeed Primo-Braga remarked on GATT's coverage of IPRs by saying that "the degree of coverage was, to say the least, poor". Remarks by Primo-Braga, *Supra* 6, at 310.

encouraging countries to adopt domestic IPRs legislations consistent with GATT's regulations and principles such including the principle of the 'National Treatment'.

Accordingly, GATT refers to IPRs in its provisions in Articles III (10), IV, IX, XII (3), XVIII (10) and Article XX (d).

Article III (10) deals with implementation of the national treatment principle. While Article IV contains special provisions related solely to Cinematograph Films and Productions.

Moreover, Article XII (3) prevents member countries from using IPRs as a way to impede or restrict importation from other contracting parties.⁶²

GATT also imposes the requirement of Most Favoured Nation (MFN),⁶³ which also applies to IPRs protection. This principle stipulates that "any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties". As will be seen elsewhere in this thesis, this principle, applied in conjunction with the National Treatment principle,⁶⁴ played a pivotal role in the creation of a more extensive regime for the protection of IPRs at the international level.

Furthermore, various Articles under GATT may also be applicable to the protection of IPRs such as those applied to the transparency requirements⁶⁵ and Article XXIII which deals with nullification and impairment requirements.

⁶² GATT, Article XII.3.C. (iii) states that Members "not to apply restrictions which would prevent the importation of commercial samples or prevent compliance with patent, trademark, copyright, or similar procedures".

⁶³ GATT, Article I. However Hartridge and Subramanian explain "there is a difference between the subject matter of the national treatment rule in the GATT and that in IPRs Conventions. The GATT rule relates to products. The rule in conventions relates to persons. Each member state must accord national of other member states the same protection or treatment as it accords its own nationals". Hartridge, David and Subramanian, Arvind (1989) "Intellectual Property Rights; The Issues in GATT" 22 *Vanderbilt Journal of Transnational Law* 2, 893-910, at 899.

⁶⁴ GATT, Article III.

⁶⁵ Ibid, Article X.

1.2.2 Trademark Protection under GATT

GATT refers to trademark protection explicitly in several Articles. For example, Article XX (d) states that “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 this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures: (d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under Paragraph 4 of Article II and Article XVII, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices”.

Moreover, Article IX deals with the issue of Marks of Origin. It requires member states to implement the national treatment clause without any prejudice as far as the marking of products is concerned. Also, the Article calls upon contracting states to “co-operate with each other with a view to preventing the use of trade names in such manner as to misrepresent the true origin of a product”.⁶⁶

It is clear that GATT was not perceived to be an organisation dealing specifically with the protection of IPRs. Thus, one can conclude that GATT adopted a ‘minimalist’ approach in dealing with the protection of IPRs through its reliance on the already prevailing arrangements at the time including those established under the Paris and Berne Conventions.

1.2.3 The GATT Era

After the establishment of GATT in 1947, the United States took the leading role in the management of the international monetary and economic system. Enabled by its growing economy and technological advances, the United States managed to maintain

⁶⁶ Ibid, Article IX.

this leading position while at the same time aiming to help other industrialised countries to improve their trade competitiveness. This situation lasted until the late 1950s and early 1960s when the United States could not maintain such a unilateral leading global role, especially when it started to suffer from payment deficits and economic slump, which prompted the need to create a sound multilateral trading system to stabilise the world's economy.⁶⁷

During the 1960s, industrialised countries, especially the United States, started to realise the comparative advantage and the increasing value they acquire through the production and manufacturing of products connected to IPRs. However, they felt that the current levels of IPRs protection were below their aspirations and economic goals. The belief that developing countries were “free riding” on the technological advances of the developed world became more deeply rooted in the developed countries.

Moreover, since the mid-1960s the process of upgrading and revising the current levels of IPRs has broken down because of the conflict of interests between developed and developing countries whose allegiance, as Reichman puts it, “to that system was somehow co-opted as a condition of their emancipation from colonial rule after the second world war”.⁶⁸

However, newly independent developing countries' opposition for any strengthening for the protection of IPRs under the current conventions and their insistence on preferential treatment under any new arrangement facilitated the establishment of newly sympathetic organisations to their needs. In this regard, the United Nations Conference on Trade and Development (UNCTAD) was created in 1964 as a “direct result of pressures in the UN system by the developing countries” in order to “further their campaign for global economic justice”.⁶⁹ The organisation played a pivotal role

⁶⁷ Endeshaw explains that “The US demand for rigorous international protection emanated from its desire to foretell perceived US technological decline as well as to reduce growing trade deficit in the 1980s and 1990s”. See Endeshaw, Assafa (2002) “The Paradox of Intellectual Property Lawmaking in the New Millennium: Universal Templates as Terms of Surrender for Non-Industrial Nations; Piracy as an Offshoot” 10 *Cardozo Journal of International and Comparative Law* 1, 47-77, at 57. Also generally see Spero and Hart, *Supra* 58.

⁶⁸ Reichman, *Supra* 22, at 762.

⁶⁹ Williams, *Supra* 58, at 179.

in dealing with issues related to transfer of technology and awareness campaigns related to various other issues including patents and trademarks.⁷⁰

Moreover, WIPO was established in 1967. Its main objectives as mentioned in its Preamble were “to encourage creativity and promote the protection of intellectual property throughout the world”. WIPO later became the administrator of the major international conventions in this field including the Paris and Berne Conventions. Today, WIPO plays a leading role in advising developing countries and assisting them in upgrading their IPRs laws and legislations.⁷¹

One of the main features of the GATT era (informative phase) is the growing recognition attributed to IPRs in trade and economics at the global level. Evidently, this phase witnessed the emergence of a number of international campaigns and discussions aimed towards spreading and strengthening the protection of IPRs worldwide. However, it is noteworthy to mention that the gap between the developed countries on the one hand, and the developing countries on the other hand regarding the international regulation of IPRs was widening since both parties failed to agree to a unified approach on dealing with this matter.

Faced with the growing opposition led by developing countries towards any further attempts at strengthening the protection of IPRs worldwide, and the developed countries’ resistance of the developing countries’ demands of preferential treatment under the multilateral framework, a change of strategy was deemed necessary to bring about the desired changes to the multilateral framework. A new phase in the making of the international IPRs regulation was about to commence.

⁷⁰ In 1976, UNCTAD published a widely read report that criticised the Paris Convention as a tool of the industrialised countries and at the same time hailed foreign trademarks as harmful to the economies of some developing countries. See UNCTAD (1976) *The Role of Trademarks in Developing Countries*, UN. Doc sales No E. 79.II.D.5. See also UNCTAD (June 1978) *The International Patent System: The Revision of the Paris Convention of the Protection of Industrial Property*. UNCTAD Doc. TD/B/C.6/AC.2/3.

⁷¹ For instance, from 1996 to 2000, 214 draft laws on intellectual property were prepared by WIPO for 119 developing countries. Drahos, Supra 44, at 776, cited from “WIPO’s Legal and Technical Assistance to Developing Countries for the Implementation of the TRIPS Agreement from 1 January 1996 to 31 December 2000” WIPO, Geneva, June 2001.

1.3 The Enforcement Phase: The Road from GATT to TRIPS

Due to the apparent failure of the revision attempts to strengthen and raise the protection levels of IPRs multilaterally and the incompetence of the concerned organisations such as WIPO and UNESCO to achieve any consensus between developing and developed countries on the issue of IPRs regulation internationally during the 1950s and 1960s, developed countries especially the United States, Japan, and the European Union decided to pursue a more aggressive policy in this regard to achieve their desired higher levels of IPRs protection.

During the 1970s and 1980s, a new set of definitions and ideas related to IPRs started to emerge. This re-thinking of policies stressed the fact that IPRs are increasingly becoming 'trade-related' rights and therefore any distortion and inconsistency in their protection will affect the free flow of trade in goods and services globally and will result in a harmful outcome for both developed and developing countries.⁷² However, the main rationale behind such an emphasis on the 'trade-relation' and 'connection' between IPRs and trade under the multilateral framework is the great potential of paving the way for extending the protection of IPRs even in these countries where no actual intellectual property laws or regulations exist, as a result of implementing the doctrine of unfair competition and anti-trust law.

Additionally, several other developments and factors led to such a re-thinking of policies. Thus, the process of eliminating trade barriers and improvement of market access, which was initiated after the establishment of GATT, encouraged the flow of higher levels of foreign direct investment (FDI) into the developing countries.⁷³ Therefore, the need for higher and more extensive levels of IPRs protection was vital for the smooth operation of those multinational corporations in their new host

⁷² See generally Correa, Supra 4 and Gadbow, Supra 56. Botoy refers to the fact that such a 'trade relation' was acknowledged as far as the Paris Convention but developed countries always lacked the political will to carry the required global reforms in this field. See Botoy, Supra 14, at 122-123.

⁷³ On the relation between IPRs and FDI see Mansfield, Edwin (1994) "Intellectual Property, Foreign Direct Investment and Technology Transfer" International Finance and Corporation of the World Bank Group, Discussion Paper 19. Also see Primo-Braga, Carlos and Fink, Carsten (1998-1999) "The Relationship Between Intellectual Property Rights and Foreign Direct Investment" 9 Duke Journal of Comparative and International Law, 163-188. Also see Kalanje, Christopher "Intellectual Property, Foreign Direct Investment and the Least-Developed Countries: A perspective" (2002) 5 The Journal of World Intellectual Property 1, 119-128.

countries. In this regard, it is important not to neglect the influence such corporations exerted to achieve their goals. Indeed Correa comments on such efforts by stating that “such perspectives were promoted by industrial lobbies (pharmaceuticals, software, phonogram industries), which convinced the US government about the need to link trade and intellectual property rights in order to increase the return of R&D and to prevent imitation”.⁷⁴

Accordingly, the emergence of organised corporate groupings and alliances in the 1970s and 1980s became the norm of the time.⁷⁵ In this regard, one of the leading groups lobbying for more extensive multilateral IPRs protection regime was the US pharmaceutical lobby. In the US, this sector was one of the leading export orientated sectors. To give a brief idea about the importance of this sector today, one needs to look at the latest figures of spending on R&D by this sector only, which amounts to more than 50\$ billion annually.⁷⁶

The pharmaceutical companies saw the benefits of locating freely their production anywhere they desired in the world. Hence, they believed that it is vital to protect their R&D and innovative advantage by advocating a stronger system of IPRs protection globally. To achieve this, they believed that by supporting and advocating the notion of IPRs as a ‘trade-related’ issue, would serve their interests and would enable them to relocate their activities freely while at the same time protecting their investment activities.⁷⁷ Employing specialists and sponsoring various international conferences became part of such a strategy for a long time.⁷⁸

⁷⁴ Correa, *Ibid*, at 4. Such interest groups played a big role subsequently even in drafting some of the national policies and regulations in the field of intellectual property right. Landes and Posner state that “It’s noteworthy that most of the statutory language of Copyright Act of 1976 ‘was not drafted by members of congress or their staff at all. Instead, the language evolved through a process of negotiation among authors, publishers, and other parties with economic interest in the property rights the statute defines”. See Landes, William and Posner Richard (2004) “The Political Economy of Intellectual Property Law” *AEI-Brookings Joint Centre for Regulatory Studies*, Washington, at 14. Available at www.aei-brookings.org. (Last visited April 2005). Also see Drahos, Peter (2004) “Securing the Future of Intellectual Property: IP Owners and Their Nodally Coordinated Enforcement Pyramid” 36 *Case Western Reserve Journal of International Law* 1, 53-77.

⁷⁵ For an overview of interest groups attempts and initiatives see Sell, Susan (2002) “Industry Strategies For Intellectual Property and Trade: The Quest for TRIPS, and Post-TRIPS Strategies” 10 *Cardozo Journal for International and Comparative Law*, 79-108.

⁷⁶ The Economist ‘Big Trouble for Big Pharma’ Dec 11 2003.

⁷⁷ For more see Drahos, *Supra* 74.

⁷⁸ See Menescal, *Supra* 51.

Another pressure group with notable influence in this field was the International Intellectual Property Alliance (IIPA). Established in 1984, its main aim is to represent and defend US copyright industries in bilateral and multilateral fora by supporting higher levels of IPRs protection globally.⁷⁹ The alliance had some major impact and influence on the US foreign trade policy as far as the protection of IPRs is concerned, especially within the framework of the 'special 301' provision and the Generalized System of Preferences (GSP).⁸⁰ Accordingly, in 1985, the IIPA submitted a report to the US government describing the negative effect of piracy on its industries, which amounts to 1.3\$ billion losses annually. Based on this, the IIPA stressed that the "US government's goal must be to establish an international trading climate in which intellectual property is respected and protected".⁸¹

Moreover, increased levels of piracy and counterfeiting during the 1970s and 1980s were also causing concern for the economies of developed countries. For example, the American Automotive Parts and Accessories Association estimated that its industry lost 12 billion annually in revenue from piracy. Furthermore, US agricultural chemicals companies claimed that increased levels of piracy are causing great damage to its international reputation. In addition, the US Video industry claimed that it was losing 6 billion dollars annually in sales and in 1980 it was estimated that 'direct loss in sales to American companies from counterfeit merchandise (ran) into the tens of billions of dollars'.⁸²

Such losses facilitated the growth of organised alliances and lobbying groups within the industrialised countries. They decided to pursue their own agenda which focused on fighting and curtailing global piracy levels by exerting more pressure on their respective governments to take action against those countries lacking appropriate IPRs

⁷⁹ It is the single most important copyright lobbyist in the world and a regular user of the Section 301. On the role of such organisations in the field of IPRs see Drahos, Peter and Braithwaite, John (2000) *Global Business Regulation*, London, Cambridge University Press, Chapter 7.

⁸⁰ It consists of several trade associations such as the Recording Industry Association of America; Association of American Publishers; The Computer Software and Service Industry Association; The American Film Marketing Association; The Computer and Business Equipment Manufacturers Association, and The National Music publishers Association. For more on IIPA visit www.iipa.com.

⁸¹ Terence, Stewart (1993) *The GATT, Uruguay Round; A Negotiating History (1986-1992)*. Boston, Kluwer, at 2254.

⁸² Terence, Ibid, at 2245.

regimes or against those countries which were encouraging and nurturing 'defective' and imitative industries.

In addition, high externalities in the production of knowledge associated with new technologies prompted the need to reform the already existing IPRs regimes in an attempt to create or reinforce these new exclusive rights. Again, the US and the EU pioneered the extension of IPRs protection in the field of new technologies by pursuing an active and aggressive process of internationalisation for the new standards of protection via unilateral and bilateral policies and initiatives in the various multilateral fora.⁸³

Finally, during the 1970s and 1980s, many OECD (Organisation for Economic Cooperation and Development) countries re-shaped their production policies by shifting from local production industries to externally oriented export sectors, as the global reach of multinationals expanded through the various technological, communicational and marketing techniques. This also prompted the need to protect such assets abroad while at the same time maintaining their local and international competitiveness. Therefore, the impetus to introduce and impose higher levels of IPRs protection has been accelerated by such activities.⁸⁴

As a consequence, the industrialised countries deemed it necessary to upgrade the current levels of IPRs in order to maintain their technological comparative advantage and to appease their influential expanding local industries.

1.3.1 Initiatives During the 1960s and 1970s

The new notion of 'trade linkage' between IPRs and trade was not sufficient enough to achieve its goals solely from the developed countries' perspective. Thus, the need for an organised and collectively binding international effort to revise and upgrade

⁸³ See generally Correa, *Supra* 4. In 1986, over 27% of the US exports contained IPRs components. Gadbow, *Supra* 56, at 232. Also see Baucus, Max (1989) "A New Trade Strategy: The Case For Bilateral Agreements" 22 *Cornell International Law Journal*, 1-24.

⁸⁴ Dunkley, Graham (2000) *The Free Trade Adventure: The WTO, the Uruguay Round and Globalisation - A Critique*, New York, Zed Books, Third World Network.

IPRs levels of protection was also needed to secure the desired outcome. At the same time, developing countries had a totally different perspective on this issue. As a matter of fact, developing countries believed that the current levels of protection were too high and rather biased towards the developed countries, thus they declared that they will only join a multilateral agreement if such an agreement would result in 'loosening up' of the current levels of protection.⁸⁵

During the earlier multilateral trade negotiation rounds, IPRs were absent from the agenda. The main focus of those rounds was tariffs reduction. However, during the sixth multilateral negotiations round or the so-called 'Kennedy Round of Trade Negotiations' which lasted between 1964-1974, the process of broadening the scope of multilateral negotiation rounds beyond the scope of tariffs reduction started by also concluding an anti-dumping agreement for the first time.⁸⁶

However, some commentators suggest that the real debate on IPRs started during the Tokyo Round of Negotiations (1973-1979).⁸⁷ This round was more comprehensive than the previous ones and it came out with seven codes of conduct dealing with: technical barriers to trade, customs valuations, import licenses, subsidies and countervailing measures, anti dumping, governmental procurement and trade in civil aircrafts.

During this round, the United States decided to take the initiative and proposed some amendments to the current levels of IPRs protection. This came as a result of having suffered for several years from an economic slowdown and huge losses as a result of other countries' exploitation and imitation of its IPRs. Not surprisingly, such an attitude came about as a result of the growing domestic pressure exerted by some of the big industrial interest groups. In this regard, in 1978 the International Anti-Counterfeiting Coalition (IACC) was formed. It consists of more than 150 multinational companies representing cross-section industries in the US including the

⁸⁵ See generally Terence, Supra 81.

⁸⁶ For more on the Kennedy Round of trade Negotiations see Rehm, John (1968) "Developments in the Law and Institutions of International Economic Relations: The Kennedy Round of Trade Negotiations" 62 *American Journal of International Law*, 403-434.

⁸⁷ Primo-Braga, Supra 4, at 96. On history of the Tokyo Round see Spero and Hart, Supra 58, at 80-82. Also see Demart, Paul (1996) "The Metamorphoses of the GATT: From the Havana Charter to the World Trade Organisation" 34 *Columbia Journal for Transnational Law*, 123-172.

automotive industry, motion pictures, apparel, luxury goods, footwear and pharmaceuticals. The total collective revenues of this coalition exceed 650\$ billion. The main aim of the IACC is to work as a coalition to pressure the government to pursue whatever means possible to strengthen the protection levels of IPRs globally and to fight piracy and counterfeiting. By the early 1980s, the IACC's mandate was expanded to include all forms of IPRs and its recommendations and reports regarding the implementation of IPRs worldwide are highly considered by the US Trade Representative⁸⁸ when applying sanctions by virtue of the 'special 301' provision against those countries which lack or do not provide adequate protection for IPRs.⁸⁹

1.3.2 The Anti-Counterfeiting Code

In 1978, after obtaining the US government's commitment to support its efforts, the coalition came up with its own vision to fight and regulate the spread of piracy and counterfeiting globally. The industries it represents claimed that they were losing billions of dollars annually as a result of piracy and counterfeiting and therefore they believed that the US should act to prevent such activities by pushing for a major multilateral agreement which incorporates tougher levels of IPRs.

Thus, the coalition saw it as a good opportunity to include 'The Agreement on Measures to Discourage the Importation of Counterfeit Goods' known as the Anti-Counterfeiting Code under the ambit of the GATT forum through its Tokyo Round of trade negotiations to achieve the desired global consensus among its participants.

The Code consists of Preamble, 9 Articles, and several notes. The Preamble discusses the need for the code, goals and its authorities. The Code defines in Article 1 a 'counterfeit good' as 'any good with a false representation of a trademark that is entitled to protection under the laws of the country of importation and which is legally registered where required in accordance with the laws of that country'.

⁸⁸ [Hereinafter USTR].

⁸⁹ For more on The IACC see www.iacc.org.

The draft also places emphasis on the role of the police and customs departments as much as on the judicial authorities by awarding these agencies more authority in dealing with counterfeited and pirated goods emanating from other countries.

It is clear that the proposed code intended to deal with the issue of piracy and counterfeiting by the mutual recognition of the member countries' domestic trademark laws and regulations. Such an attempt to stress upon the need to protect trademarks solely without any reference to other branches and types of IPRs such as patents, copyrights and industrial designs for example proved to be highly controversial. Consequently, the code turned out to be very 'specific' and 'limited in nature' regarding the subject matter it aims to cover. Additionally, by prioritising the protection of trademarks while flouting other forms of IPRs under this multilateral forum, this led to its inevitable and ill-fated conclusion; its failure.

The draft Code was described by some as a "statement of national and international policy by the world's largest trading nations which seek to deprive developing countries of a market for counterfeit goods by uniformly closing their borders to prevent entry of such goods".⁹⁰ Thus, the proposed code did not incorporate the principle of reciprocity within its provisions. Accordingly, it was believed that the code would achieve its goals by the mere cooperation between the industrialised countries or those countries which have an interest in protecting IPRs through the introduction of border and custom control measures aimed at curtailing and fighting pirated and counterfeited imports.

Further, some may explain the hasty manner in which IPRs were introduced under the GATT framework as an attempt to try to protect new forms of technologies which were not subject to IPRs protection at the time, by adopting and upgrading some of the already existing norms in this field through harmonising the level of protection globally.⁹¹ Consequently, such attempts made the attainment of such a global consensus more difficult due to its vagueness and partial coverage.

⁹⁰ Prebluda, *Supra* 50, at 354. Also see Olenick, Sheri (1982) "Draft International Anti-Counterfeiting Code: Neo Realism as a Vehicle for Analysing the Effect of Non-Signatories Perceptions on the Development of an Anti-Counterfeiting Norm" 15 *Vanderbilt Journal for Transnational Law*, 803-862.

⁹¹ Reichman comments by stating that "Indeed, one can view the drive to bring intellectual property within the GATT as largely an attempt to install some emergency regime capable of protection new

The failure of the Code's adoption under the GATT's auspices during the Tokyo Round may therefore be attributed to several factors:

First, the proposed Code's 'selectiveness' crippled its multilateral goals. By targeting a number of countries and excluding others (that constitute a majority) during a multilateral negotiations round in which most countries are present, is a very ambitious project which lacks clear vision. By implementing the code in a number of countries exclusively, this would have had a negative consequence for both the developed and developing nations and would have created a two-tier system of protection. It will also be counterproductive since those countries hosting such imitative industries would find no incentive in discontinuing their production. Indeed this was reflected by the GATT's Director General Statement after refusing to include the draft in the negotiations round by describing it as a "unilateral undertaking".⁹²

Second, the fact that the proposed Code was drafted and backed strongly by the IACC, a coalition of business orientated interest groups, made the Code impartial and biased in favour of the interests of such companies and their host states. It also failed to recognise the different social and economic environments and development stages of other developing countries.

Third, the Code itself lacked any specific legal and administrative mandate. Therefore, it was not clear what form the agreement would initially adopt. Indeed, some commentators state that "The Code could fall between conventions embodying definite legal obligations and Codes which are not legally binding".⁹³

Fourth, the lack of any proposed dispute mechanism under the Code to solve problems and conflicts arising from the incorporation and interpretation of its provisions would have led eventually to its failure and inability to deal with the global conflicts arising from its implementation.

technologies against misappropriation in a legal universe that lacks ready-made institutions to achieve this purpose at either the domestic or international levels". Reichman, *Supra* 22, at 793.

⁹² Prebluda, *Supra* 50, at 354.

⁹³ Olneick, *Supra* 90, at 824.

Fifth, the Code's incomprehensive coverage of the related subject matters would have also led to various practical difficulties. For example, the Code does not deal with several issues such as imitation and the likelihood of association.

1.3.3 Further Attempts

Although the proposed Code did not find its way to the final stages of the Tokyo Negotiations Round, a partial agreement between the US and the EU to coordinate their efforts to fight piracy and counterfeiting multilaterally did eventually take place.⁹⁴

In 1982, the GATT Ministerial Declaration included a section called 'trade in counterfeit goods'. Such a statement came about as result of the European and US coordinated efforts advocating the extension of IPRs globally.⁹⁵ Although no agreement was concluded to include IPRs within the GATT framework, this declaration came to represent a milestone for the inclusion of the IPRs protection in the following rounds.⁹⁶

It is important to note that the consistent advocacy of a stronger and tougher system of protection for IPRs including trademarks by the developed countries was still not shared by the developing countries. The latter believed that they needed to adjust their IPRs according to their level of development just like the industrialised countries did previously.⁹⁷ There was also the shared belief by these countries that "intellectual property products are the common heritage of all mankind" and therefore they should be entitled to reap its benefits naturally without any restrictions.⁹⁸ Such opposing views reflected the differing priorities both the developed and developing countries

⁹⁴ Prebluda, Supra 50, at 354. Also see Terrence, Supra 81.

⁹⁵ Ministerial Declaration of November 1982, GATT Doc. No 1328 BISD/29S/9 1983 reprinted in Law and Practice Under the GATT 111.A.1

⁹⁶ For more see Primo-Braga, Supra 6.

⁹⁷ Scholars refer to many examples such as the US publishing industry which has thrived in the 19th Century by publishing 'unauthorised works of European authors'. Same for the US patent system that provided protection only to local innovators at one stage. May, Supra 5, at 3.

⁹⁸ Indeed Reichman goes further to explain the situation by stating that "The ability of both sides to muster refined counterarguments based on social and economic tenets that stubbornly defy empirical verification renders the conflict more acute". Reichman, Supra 22, at 764 and 766. See also Terrence, Supra 81.

had towards the international regulation of IPRs in general, and trademarks in particular; a fact that has always strained the relations between both blocks.

1.3.4 The 1980s: The Unilateral Era

At the time of the conclusion of the Tokyo Round in 1979, developed and developing countries shared growing levels of frustration. Developed countries believed that the world multilateral framework of IPRs was not sufficient enough to protect their interests and innovative advantage. They were concerned with the growing free-rider behaviour by some developing countries and the lack of concern for the new emerging trade issues outside the GATT framework, including services and IPRs.

Such a feeling was paralleled by the developing countries' own mood of frustration. This came as a result of their economic and financial difficulties, in which they believed that they should be subject to more preferential treatment which would enable them to foster development and overcome their economic difficulties. Indeed, such frustration and mistrust between developing and developed countries played a major role in fostering and encouraging the rise of protectionism during the 1980s.⁹⁹

The failure to include IPRs during the Tokyo Round and the subsequent attempts to incorporate it under the GATT umbrella pushed the developed countries, especially the US and EU to pursue their efforts of a stronger regime of IPRs through a vigorous unilateral and bilateral agenda.¹⁰⁰

Thus, almost after a century of the actual birth of the first partial bilateral agreement regulating IPRs (trademarks in particular); the 1980s witnessed the re-birth of the second wave of intensive bilateralism in IPRs. Regardless of the reasons and motives behind such an evolution, one must note that such a process was to bring about unprecedented changes to the existing international framework of IPRs protection.

⁹⁹ Primo-Braga, *Supra* 6.

¹⁰⁰ For more see Bradley, Jane (1987) "Intellectual Property Rights, Investment, and Trade in services in the Uruguay Round: Laying the Foundations" 23 *Stanford Journal of International Law*, 57-98. Also see the failed proposal on the Tokyo Agreement on Measures to Discourage the Importation of Counterfeit Goods. GATT, Doc. L/4817/31 July 1979.

This subsequent modern wave of bilateralism was later shaped to follow a pattern of “a global ratchet for IPRs that consists of waves of bilateral agreements on intellectual property (beginning in 1980s) followed by occasional multilateral or regional standard-setting exercises (for example, the NAFTA, TRIPS and the WIPO Copyright Treaty)”.¹⁰¹

1.3.5 The Roots of Modern Bilateralism

During the 1980s, the US reshaped its trade laws to give her more efficient unilateral and bilateral enforcement tools against countries it considered to have inadequate systems of IPRs protection. Indeed, it was thought that for the US to “maintain its technological superiority into the next century” it must implement a more aggressive and proactive approach to enforce the protection of IPRs globally.¹⁰²

The year 1984 was a turning point in the history of the US approach towards dealing with the enforcement of IPRs. The new proposed vision sought to achieve higher levels of IPRs protection through unilateral and bilateral means. To start with, the US had to change its domestic laws to enable its foreign policy tools to achieve the desired goals, and so it did.

In 1984, the US widened the scope of its Trade and Tariffs Act of 1974 under the so-called ‘Section 301’ to enable the US government to retaliate against countries which do not provide adequate protection for IPRs.¹⁰³ Thus by doing so, the US re-emphasised the ‘trade-linkage’ trend by subjecting countries ‘nurturing defective’ IPRs laws to trade and economic sanctions if they fail to comply with the international advanced levels and standards of protection.¹⁰⁴

¹⁰¹ Drahos, *Supra* 44, at 776.

¹⁰² President Reagan’s State of the Union Speech in 1983. Cited from Gadbaw, *Supra* 56, at 234.

¹⁰³ See Maruyama, Warren (1989-1990) “Section 301 and the Appearance of Unilateralism” 11 *Michigan Journal of International Law*, 394-402.

¹⁰⁴ See Ryan, *Supra* 5. However, to a lesser successful extent, the European Union enacted its counterpart policy of the US ‘Section 301’ under the New Commercial Policy Instrument, as adopted by the European Council in 1984. Council Regulation Number 2641/84 on the Strengthening of the Commercial Policy with Respect in Particular to Protection Against Illicit Practices. For more see De La Torre, Fernando (1993) “The EEC New Instrument of Trade Policy: Some Comments in the Light of the Latest Developments” 30 *Common Market Law Review*, 687-719. Devine, Michael (1988) “The Application of the EEC Regulation 2641/84 on Illicit Practices with Special Reference to the USA” 22

Furthermore, the US went further and used its '301' Section to impose extra protection measures than those suggested under the existing international treaties. This represented a pattern which later became the cornerstone for US behaviour regarding its treatment and enforcement of IPRs protection globally, even after the conclusion of the TRIPS Agreement.¹⁰⁵

Additionally, in 1984 the US extended its Generalised System of Preferences (GSP), a program that provided duty free tariff treatment on specified goods from around 140 developing countries, to cover goods related to IPRs as well. Thus, any country applying for tariffs exemption must initially have an appropriate and adequate IPRs regime.¹⁰⁶

In the same year, the US Department of Commerce also created a program to study and identify IPRs problems and issues facing other countries. It also inaugurated its 1984 Trademark Counterfeiting Act.¹⁰⁷ Indeed, the year 1984 was described as the "most productive congressional year in our national history of intellectual property legislation".¹⁰⁸

More was still to come during the 1980s. In 1988, the US inaugurated its 1988 Omnibus Trade and Competitiveness Act.¹⁰⁹ Its main aims were to enhance the competitiveness of American industry by authorising the negotiation of reciprocal bilateral and regional trade agreements, strengthening US trade laws and improving the development and management of US trade strategy. The Act made many changes to the US Trade Law, inter alia, significant changes to Section '301' and the adoption

International Lawyer, 1091-1135. Bronckers, Marco (1984-1985) "Private Response to Foreign Unfair Trade Practices: United States and EEC Complaint Procedures" 6 North-Western International Law and Business, 651-759.

¹⁰⁵ See generally Terence, Supra 81 and Drahos, Peter (Nov 2001) "BITS and BIPS: Bilateralism in Intellectual Property" 4 The Journal of World Intellectual Property, 791-808.

¹⁰⁶ See Section 505 of the Trade and Tariff Act of 1984. For more on GSP see Murray (1977) *Trade Preferences for Developing Countries*. London and Basingstoke, Macmillan.

¹⁰⁷ For more see Prebluda, Supra 50.

¹⁰⁸ The International Anti-Counterfeiting Coalition (IACC) November Newsletter 1984.

¹⁰⁹ Okidiji explains that 'The explicit incorporation of intellectual property objectives in the Omnibus Trade and Competitiveness Act of 1988 heralded the beginning of a reformulated economic policy for commercial relations'. For more see Okediji, Ruth (2003-2004) "Back to Bilateralism? Pendulum Swings in International Intellectual Property Protection" 1 University of Ottawa Law and Technology Journal, 125-147, at 134.

of Section 301 variants: "Super 301".¹¹⁰ Moreover, in 1989 and 1990, the USTR was required to identify priority practices (trade distorting practices whose elimination might substantially increase US exports) and priority countries (countries with the highest trade barriers and best markets for US Exports) and to initiate Section '301' investigations of such practices.¹¹¹

Consequently, it became clear that the US was determined to lead the process of reforming the existing global framework of IPRs by all means possible.¹¹² However, it is noteworthy to explain that although the US sought other multilateral efforts in this regard, there seems to be a genuine belief in the US that enhancing the protection levels of IPRs globally would be better achieved through unilateral and bilateral efforts; a view that still prevails today in the US handling of its global economic and trade agenda.¹¹³

The US approach during the 1980s resulted in several countries bowing to pressure by upgrading their intellectual property laws to comply with the required levels. A clear example is Taiwan and Singapore in which they had to change their trademark and copyright laws as a result of US pressure by upgrading them to the international levels. Brazil and India were also subject to Special '301' Section and pressures during the 1980s to upgrade their patent protection laws.¹¹⁴

1.3.6 The Uruguay Round of Trade Negotiations

The US forceful approach in upgrading the global protection levels of IPRs achieved partial success in certain instances but failed to do so in others. Some commentators

¹¹⁰ Article 1302 and 1303 of the 1988 Omnibus Trade and Competitiveness Act.

¹¹¹ "Special 301", requires USTR to identify and self-initiate expedited Section 301 investigations of countries which deny adequate protection of IPRs and subject them to trade and economic sanctions if they fail to comply with the required protection levels. For more see www.ustr.gov.

¹¹² The grounds were laid down domestically during the 1980s, as Okediji comments 'Consequently, the decade between 1980-1990 witnessed significant developments in domestic intellectual property law. Importantly, the Bayh-Dole Act was enacted to facilitate the commercialisation of federally funded research; the Berne Convention was ratified, a new court was established for patent appeals, and science and education policy became an important policy priority for Congress'. See Okediji, *Supra* 109, at 135.

¹¹³ See Baucus, *Supra* 83.

¹¹⁴ Generally see Terence, *Supra* 81.

even believe that such an approach may have “placed the world multilateral trade system in jeopardy”.¹¹⁵

Therefore, the need for a greater multilateral effort to curtail growing “departures from the GATT rules” was needed.¹¹⁶ Disputes about voluntary export restraints, agricultural issues and trade conflicts necessitated such urgency. Accordingly, in September 1986, the Eighth round of multilateral trade negotiations was launched in Punta del Este, Uruguay. The Round negotiations started officially in 1987.

Some view the Uruguay Round as an extension of the Tokyo Round, dealing with some of the “unfinished business” of that previous round.¹¹⁷ However, although this may be true to a certain extent, in essence the round’s main aims were also to deal with and regulate the so-called “new issues”, a term that has often referred to services and IPRs.¹¹⁸

The developed countries’ strategy was to include such ‘new issues’ under the GATT multilateral framework. Backed by massive domestic interest in Europe, Canada and Japan, the US intended to include IPRs into the draft proposal for the Uruguay Round on the basis of dealing primarily with the issue of counterfeiting and piracy.¹¹⁹

On the other hand, developing countries were less keen on the notion of a GATT-administered IPRs agreement. Backed by fears of developed countries abusing the GATT framework to introduce more protectionist measures, developing countries preferred a more sympathetic and democratic institution such as WIPO or UNCTAD to take the leading role in regulating IPRs globally, a view that was strongly contested and stubbornly opposed by the developed countries.¹²⁰

¹¹⁵ Primo-Braga, Supra 6.

¹¹⁶ Spero and Hart, Supra 58, at 82.

¹¹⁷ Damschroder, Mark (1988) “Note: IPRs and the GATT: United States’ Goal in the Uruguay Round” 21 Vanderbilt Journal of Transnational Law, 367-400.

¹¹⁸ See generally Emmert, Frank (1989-1990) “Intellectual Property in the Uruguay Round: Negotiating Strategies of the Western Industrialised Countries” 11 Michigan Journal of International Law, 1317-1399. Also see Spero and Hart, Supra 58, at 84 and 235, and Primo-Braga, Supra 4.

¹¹⁹ Primo-Braga, Supra 6.

¹²⁰ Prebluda, Supra 50.

However, after proving to be a very contentious subject to discuss, initial agreement to include IPRs in the round was reached. This may be attributed to several reasons. First, promises made by the developed countries to award the developing countries more concessions in other important and vital sectors including agriculture and textiles, encouraged developing countries to subscribe to such an endeavour. For most developing countries, agriculture represents the backbone of their economies, thus any reforms in the existing framework of market access was welcomed.

Second, the pressure exerted by the developed countries, especially the US to bring about a number of developing countries to the negotiations table through the use of force and threat of sanctions gave such countries no choice. The US used its GSP and 'Special Section 301' often to do so. It even went further in 1988 to list any country resisting the US in a multilateral forum subject to Section '301'.¹²¹ Accordingly, developing countries had no choice, thus if they resisted they would be subject to trade and economic sanctions and loss of preferential treatment.

The fact that IPRs were considered in the Uruguay Negotiations Round did not mean that a consensus existed on the topic. It simply meant that those countries were willing to discuss and elaborate on the topic. Therefore, the 'trade-off' had to be acknowledged. In this regard, the Ministerial Declaration of Punta del Este came to represent a masterpiece of diplomatic compromise by its adaptation of a flexible approach.¹²² The declaration stated "in order to reduce the distortions and the impediments to international trade, and taking into account the need to promote effective and adequate protection of IPRs, and to ensure that measures and procedures to enforce IPRs do not themselves become barriers to legitimate trade, the negotiations shall aim to clarify GATT provisions and elaborate as appropriate new rules and disciplines. Negotiations shall aim to develop a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeiting goods, taking into account work already done in the GATT. These negotiations shall be without prejudice to other complimentary initiatives that may be taken in the WIPO and elsewhere to deal with these matters".¹²³

¹²¹ Drahos, *Supra* 44, at 774.

¹²² Braga, *Supra* 6, at 248.

¹²³ GATT, Ministerial Declaration of Punta Del Este of Sep 1986.

The Punta del Este Declaration does indeed adopt a loose and flexible definition on how negotiations on IPRs should be conducted. However as previously stated, the inclusion of the Punta del Este Declaration on IPRs by no means reflects the evolution and development of a unified approach towards the protection of IPRs. Rather, the declaration reflects the importance of dealing with the main priority, which stems from extending the scope of trademark protection and fighting counterfeiting. However, this very same loose and flexible approach subjected it to widespread criticism from developing countries claiming that any multilateral negotiations round should deal with all branches of IPRs collectively, believing that by claiming so, they might be able to delay any deal on the issue to future negotiation rounds.¹²⁴ This was also opposed by some influential interest groups in the developed countries especially in the US which thought that the adaptation of an agreement on counterfeiting only might delay and set aside the conclusion of a wider agreement related to all forms of IPRs.¹²⁵

Until 1991, the progress on the IPRs track under the Uruguay Round was very limited. The US reinforced its special unilateral and bilateral tool to achieve higher levels of protection and pressured more countries to submit to the multilateral forum under GATT. It also managed to break the resistance of some of the opposing developing countries such as India, Brazil and Egypt by listing them on the 'Priority List' of its Special '301' section and subjecting many others to economic sanctions.¹²⁶

Accordingly, negotiations began in early 1990, when proposals in the form of legal texts were tabled by the EU, USA, Japan, Switzerland and a group of 14 developing countries. Australia also tabled a partial text dealing with geographical indications. The Chairman from Sweden (Lars Anell) drafted what came to be referred to as the 'Chairman's Draft' or the 'Compromise Draft Text'. It identified the main proposals and acknowledged the differing issues. The draft became a formal document after informal discussions and presented as the 'Chairman's Report' to the group of the negotiations on goods which was due to be presented to the Ministerial Conference in

¹²⁴ Terence, Supra 81, at 2312, and generally see Bradley, Supra 100.

¹²⁵ Remarks by Professor Jackson, John (1989) 22 *Vanderbilt Journal for Transnational Law* 2, 343-355. Further, May explains "However, finding that they had a reasonably free hand, a group of international corporations 'helped' the US government establish their negotiations position on the issue, and pushed for a much wider ranging agreement". May, Supra 5, at 2 and 3.

¹²⁶ See generally Drahos, Supra 44.

Brussels in December 1990. The conference failed to bear fruit due to the various growing differences which also threatened the collapse of the negotiations round as a whole. A year later, a further meeting was held, in which it produced a draft version on the TRIPS Agreement which was endorsed and included in the round as 'Draft Final Act' embodying the results of the Uruguay Round of Multilateral Trade Negotiations'.¹²⁷ Later, it became the same text that was signed in Marrakesh in 1994.

The final draft suggested providing developing countries with a transition period to offset the expected repercussions of tougher IPRs protection. The US also declared that it will not resort anymore to its previous unilateral and bilateral policies in enforcing IPRs in developing countries if they succumb to this multilateral forum. Further promises on potential concessions in exchange for raising up the minimum levels of protection on all forms of IPRs and the introduction of the new mechanism for dispute settlement under the WTO were also made.¹²⁸

Although the Uruguay Round produced one of the greatest agreements in the history of trade, one must take into consideration the surrounding circumstances that fostered the conclusion of this agreement especially when it became clear that the round was on the verge of collapsing several times. Thus, the sudden conclusion for the round may be attributed to other various global factors and changes including the collapse of the Soviet Union which led to the end of the cold war and saw the triumph of capitalism and free market ideologies on the world economic stage.

¹²⁷ See Gervais, Daniel (1999) "The TRIPS Agreement; Interpretation and Implementation" 3 *E.I.P.R.*, 156-162. Also generally, Terence, Supra 81 and Kastenmier, Robert and Beier, David (1989) "International Trade and IP: Promise, Risks, and Reality" 22 *Vanderbilt Journal for Transnational Law* 2, 285-307.

¹²⁸ Terence, Ibid, at 2312. He remarks, "All parties won and lost important issues. Some industries in some countries are deeply troubled by the compromise package put forward. Nonetheless, the opportunity to obtain multilateral rules and enforcement mechanisms across so many disparate issues will likely be viewed as one of the major accomplishments in any concluded Uruguay Round". Ibid, at 2312. However, Correa comments "Developing countries reluctantly negotiated increased standards of protection for intellectual property rights in GATT, and finally acquiesced in making important concessions in terms of reforms of their intellectual property legislation, without obtaining any compensating concession from industrialised countries". Correa, Supra 4, at 3.

2. The Role of Trademark Protection in Enhancing the International Protection of Other Forms of Intellectual Property Rights

The pivotal role and influence exercised by the support and advocacy of tougher protection for trademarks in achieving higher and more comprehensive international levels of protection for all other forms of IPRs in general cannot be denied. As demonstrated, the very first bilateral agreements that incorporated any form of IPRs protection within their provisions indicate that that protection was solely dedicated to the regulation and protection of trademarks. Later, such provisions were incorporated and adopted as the main basis of protection for the first ever-comprehensive agreement on IPRs namely the Paris Convention for the Protection of Industrial Property in 1883.

The pattern was repeated again before the establishment of GATT in 1947 in which the importance of regulating IPRs and particularly trademarks internationally acquired special attention. Although GATT referred indirectly to IPRs, one can say that the previous attempt to establish the International Trade Organisation with its extensive coverage for IPRs may have facilitated and encouraged such reference under the GATT umbrella. The same can also be said regarding the initiatives that took place before the establishment of WIPO in 1967.

In the 1960s and 1970s, increased levels of attention towards IPRs led to the development and introduction of a whole set of new norms and practices calling for a re-evaluation of the current structures in dealing with such rights. The issues of counterfeiting and piracy received extra attention and consequently attempts to strengthen and enhance the extra-territorial protection of trademarks were initiated at the international level through the existing multilateral fora such as WIPO and GATT. The Anti-Counterfeiting Code and the subsequent bilateral and multilateral attempts during the 1980s and early 1990s eventually led to the conclusion of the TRIPS Agreement, the most comprehensive agreement ever in the field of IPRs.

Accordingly, one may conclude that during the past century, the development of IPRs protection internationally seems to have followed a similar pattern in a number of cases. Thus, whenever there seems to be a multilateral initiative or a bilateral or regional agreement aimed at providing higher protection levels for trademarks, it is often the case that such an initiative or agreement is to be followed or supplemented by a further major comprehensive multilateral effort dedicated towards providing protection for all branches of IPRs. This was evident in the pre-Paris bilateral and regional trade and commercial agreements, in the pre-GATT efforts, in pre-WIPO revision initiatives and finally in the pre-TRIPS negotiations.

Furthermore, such agreements either bilateral or multilateral all seem to share one common denominator between them; they all aim towards maintaining or increasing the minimum levels of protection for IPRs by proposing new and higher requirements. Thus, such attempts are increasingly being used as a platform to increase the protection levels of IPRs in general and trademarks in particular under the multilateral framework. Such a phenomenon will be elaborated upon in the next chapter of this thesis.

3. Trademark Protection: Rationale Re-visited

Trademarks serve three main functions: the origin function, the quality function and the investment (advertising) function.¹²⁹ When dealing with such practical and theoretical considerations, the founders and drafters of the main conventions and agreements in this field have rarely touched upon such concerns explicitly. Indeed, since the minimum levels of protection for IPRs are derived in most cases from domestic legislations and bilateral agreements in this regard, one may say that the rationale behind the protection of trademarks has been dealt with under the international and multilateral forum implicitly through the incorporation of such domestic laws into the minimum levels of protection.

¹²⁹ See second Chapter.

However, increasing levels of piracy and counterfeiting during the last three decades has largely contributed to the development of further research on the issue of trademark protection and its importance as an influential tool in counter fighting and eliminating global piracy and counterfeiting.

3.1 Piracy and Counterfeiting

The main characteristics and nature of counterfeiting and piracy has evolved spectacularly over the past century. Major changes accrued to the notion of counterfeiting and piracy as a result of the technological advances which made copying a much easier and profitable process. As Piatti remarks “Up to the beginning of the 20th Century, the aim of counterfeiters was to deceive the buyer by disguising their goods to look like the genuine article, and it could be said that international and national industrial property systems were capable of dealing with this type of practice when it occurred”.¹³⁰

Some trace back the origins of large-scale piracy and counterfeiting activities as early as the Roman Empire and attempts to reproduce and label the popular Roman wine in Gaul.¹³¹ The same may be said about the practices of wine growers of the Narbonne region in which they used to imitate Italian wine and sell it as the genuine product.¹³²

Dealing with the early beginnings of such forms of piracy was quite a manageable task. Such imitated goods were relatively easily spotted and dealt with accordingly. They were also often directed towards ‘well-known’ and ‘fashionable goods’. Today, this is no longer the case. Counterfeiting and piracy are targeting almost all kinds of goods and services. Furthermore, previous imitative efforts were aimed at ‘mainly adopting to a style or a trend’ and reproduction or copying did not amount to every small and intricate detail unlike today’s counterfeiting activities that copy every detail and feature of the original product. Unlike today, it was also less common to deceive

¹³⁰ Piatti, Supra 16, at 239.

¹³¹ Dolan, Christopher (1999) “Fits Over Counterfeiting: Legislative Accomplishments and Directive” 27 *AIPLA Q.J.* 3, 233, at 243.

¹³² Piatti, Supra 16, at 239.

consumers into believing that the imitation was identical to, or in any case just as good, as the original product.¹³³

However, the rise of a more globalised world economy, the free flow of goods and the technological advances in all various sectors facilitated the emergence of low-cost imitative large-scale operations and activities in a number of countries. Published figures by the International Chamber of Commerce (ICC) showed that piracy grew from 3% of world trade in 1990 to over 5% in 1995. Some even suggest that the rate stands around 7%-9% which amounts to over 450 billion dollars annually.¹³⁴

Indeed, the booming of such activities led some to proclaim that counterfeiting is 'the crime of the 21st Century'.¹³⁵ This is a view which also reflects the departure from the previous opinion, which suggests that "imitation is the highest form of flattery".¹³⁶ Such systematic 'economic sabotage' as some may refer to it,¹³⁷ prompted greater levels of intervention by the developed economies attempting to diminish and curtail such activities in order to protect their competitive advantage in this field.¹³⁸ As previously mentioned such a process was remarkably intensified and accelerated during the past three decades and continues today to represent a solid policy in the developed countries' global agenda.

3.2 Defining Counterfeiting and Piracy

An evident lack of consensus towards what may constitute counterfeiting and piracy exists. However, Piatti refers to counterfeiting as "the reproduction of a trademark

¹³³ Levin, Marrainne (1987) "What is the Meaning of Counterfeiting?" 18 *IIC* 4, 435-456, at 437. On 'deceptive' and 'non-deceptive' counterfeiting see Grossman, Gene and Shapiro, Carl (1988) "Foreign Counterfeiting of Status Goods" 103 *Quarterly Journal of Economics* 1, 79-100. Also Grossman, Gene and Shapiro, Carl (March 1988) "Counterfeit-Product Trade" 78 *The American Economic Review* 1, 59-75.

¹³⁴ The Economist 'Stepping Up the War Against Piracy' Jan 30th 2003.

¹³⁵ Statement of James Moody, former chief of the Federal Bureau of Investigation's Organised Crime/Drug Operations Division. See <http://www.iacc.org/teampublish/uploads/factsupdated.pdf>. (Last visited 20-4-2004).

¹³⁶ Levi Strauss Company Chairman comments. Cited from Olenik, Supra 90, at 805.

¹³⁷ Piatti, Supra 16, at 239.

¹³⁸ Some figures suggest that up to 95% of registered trademarks in developing countries are owned by nationals from the developed countries. For more see Patel, Surendra (1979) "Trademarks and the Third World" 17 *World Development* 649-653, at 653.

belonging to another person on goods identical or similar to those covered by the authentic work". Piatti goes further to define piracy as the "reproduction, right down to the last detail, of the external appearance of somebody else's product and the affixing to this copy of the distinguishing signs used to identify the genuine article, so that the copy can be confused with the original".¹³⁹

Alternatively, Reichman defines counterfeiting as the "practice of simulating brand-name products down to the last detail, including the originator's own trademark and then offering these products for sale as authentic goods on both domestic and export markets". Reichman elaborates further and defines piracy as "any unauthorised and uncompensated reproduction or simulation of a creative intellectual product that deprives the originator of the economic or moral benefits accruing from his or her creative undertaking".¹⁴⁰

In its own recognition, the OECD defines counterfeiting as 'encompasses any manufacturing of a product which so closely imitates the appearance of the product of another to mislead a consumer that it is the product of another'.¹⁴¹

However, it is important to point out that the terms 'counterfeiting' and 'piracy' may also refer to other forms of IPRs infringements including copyrights and patents. Thus, some commentators go further by suggesting that the term 'counterfeiting' should only be confined to the infringement of trademarks, while the term 'piracy' should be incorporated in reference to the manufacturing and selling of copies that infringe rights protected by copyrights or patents.¹⁴² However, the term 'counterfeiting' is more often used in conjunction with the issue of trademark infringement for economic reasons.¹⁴³

¹³⁹ Piatti, Supra 16, at 240.

¹⁴⁰ Reichman, Supra 22, at 771 and 777.

¹⁴¹ OECD (1998) *The Economic Impact of Counterfeiting*. Paris, OECD, at 3. Can be found at www.oecd.org. For a more recent EU initiatives to combat this issue see Massa, Charles and Strowel, Alain (2004) "The Scope of the Proposed IP Enforcement Directive: Torn between the Desire to Harmonise Remedies and the Need to Combat Piracy" 6 *EIPR*, 244-253.

¹⁴² See Plasseraud, Y (May 1990) "Considerations on Counterfeiting" *Industrial Property*, 118-123.

¹⁴³ According to some studies, in 2001, 78% of all infringements in the EU were related to trademarks, 15% related to copyrights, 6% related to design rights, and 1% to patents. See Bosworth, Derek and Yang, Deli (Sep 2002) "The Economic and Management of Global Counterfeiting" Paper submitted to the Sixth World Congress on Intellectual Capital and Innovation, at 5.

The disagreement on what may constitute a counterfeit or piracy activity (either by adopting a loose definition or a strict one) comes as a result of the lack of any unified approach of dealing with the functions of trademarks according to the domestic laws of each country. Accordingly, the main conventions in this regard seem to recognise the functions trademarks serve without referring to any of the theoretical debate surrounding the issue. Thus, one can see that the Paris Convention took into consideration the emerging importance of the 'investment function' by requiring the protection of 'well-known' and 'famous marks' as an appreciation for the efforts of the trademark owner in promoting and advertising his products which contribute in building his 'good will' and reputation.¹⁴⁴

The origin and quality functions have also been recognised. However, the origin function has not been saved from criticism. Some scholars go further to suggest the destructive effect of the origin function as echoed under the national legislations by remarking that it rather entails more social costs than benefits. In this regard, Greer comments on the quality and origin functions by suggesting that "The first function generates social benefits and the later generates social costs. The former yields benefits because quality identification informs buyers and reduces purchasing errors. The latter is responsible for social costs primarily because brand advertising is often the main fountain filling this exclusive repository with goodwill. In turn, advertising generates a variety of social costs - namely, purchasing errors, monopoly power, and profligate resource expenditure".¹⁴⁵

The fact that there is also a difference between trademark counterfeiting and ordinary trademark infringement must be recognised. While in the case of the former, the intention of the 'copier' might be an important aspect of such an activity, nevertheless it may be less important for determining the issue of infringement in the case of the latter.¹⁴⁶

¹⁴⁴ TRIPS, Article 16.2.

¹⁴⁵ Greer, Douglas (1979) "The Economic Benefits and Costs of Trademarks: Lessons for the Developing Countries" 17 *World Development*, 684-703, at 683.

¹⁴⁶ For more see Knaak, Roland (1988) "National and International Efforts Against Trademark Counterfeiting. A Progress Report" 19 *IIC* 5, 581-606.

The controversy surrounding the issue of counterfeiting and piracy may also have its roots in the delicate relationship between the developing countries on the one hand, and the developed countries on the other. Thus, during the Uruguay Round of trade negotiations, developing countries have often stated that they were not in breach of any international convention or any obligations when they 'copy' products and technologies therefore the developed countries should not infer such a terminology during the negotiations. However, contrary to this claim made by the developing countries, developed countries often professed that such activities represent breach of international rules and principles and therefore should be dealt with urgently.

Accordingly, any adequate definition to the issue of counterfeiting and piracy must take into consideration the emerging developments in this field. Thus, such a definition must consider the issues of the likelihood of association and the likelihood of confusion.¹⁴⁷ It also must take into consideration not only the reproduction and imitation of trademarks but may also be extended to include copyrights; a factor which may also add more complexity to the issue.

One final note in this regard must be made. The fact that the doctrine of 'fair use' does not apply to trademarks when compared with other types of IPRs, poses a number of challenges.¹⁴⁸ On one hand, the fact that such a defence is not available provides policy makers with a greater degree of controlling trademark and brand piracy and counterfeiting by treating all infringing activities against such rights as illegal and therefore subjecting them to punishment. However, on the other hand, such a lack of defence has prompted growing calls to introduce it into the parameters of trademark protection in an attempt to curtail and circumvent trademark monopoly and market power abuse.

¹⁴⁷ For more on this under TRIPS see Fulkerson, Beth (1995-1996) "Theft By Territorialism: A Case For Revising TRIPS To Protect Trademarks From National Market Foreclosure" 17 Michigan Journal of International Law, 801-826.

¹⁴⁸ Such as copyrights and patents. For more see Wilf, Steven (1999) "Who Authors Trademarks?" 17 Cardozo Arts and Entertainment Law Journal, 1-46.

- Conclusion

This chapter discussed the evolution of the protection of trademarks into the international arena since its early beginnings late in the 19th Century. As seen, the protection of trademarks was one of the earliest forms of IPRs protection to be recognised internationally in modern history. The upsurge of commercial bilateral agreements during the second half of the 19th Century and the inclusion of special provisions to award protection to foreign trademarks between member countries of such agreements played a leading role in creating the so-called 'minimum standards' of protection which were later to be incorporated into the subsequent and more comprehensive international agreements for the protection of IPRs.

The first ever comprehensive international agreement for IPRs protection was the Paris Convention for the Protection of Industrial Property concluded in 1883. Further efforts to improve the protection levels of IPRs and particularly trademark protection were accelerated during the second half of the 20th Century after the establishment of GATT and WIPO.

The development of international protection of IPRs in general and trademarks in particular until our present time may be summarised in reference to three phases of development. The first phase referred to as the 'Foundation Phase' preceded the establishment of the Paris Convention and lasted until the creation of GATT. The second phase referred to as the 'Informative Phase' which began with GATT's establishment and lasted until the beginning of the Tokyo Round of Trade Negotiations. Finally, the 'Enforcement Phase' started with the Tokyo Round and is still continuing to the present time. Each of those phases represents a different era of legal and economic thought towards the protection of IPRs.

The emergence of the newly independent states and the demise of colonisation towards the second half of the 20th Century led to the creation of the so-called 'North-South' divide.¹⁴⁹ Such a divide manifested itself by the constant disagreement about the priorities and policies of each state towards dealing with various economic and

¹⁴⁹ See Gutterman, Alan (1993) "The North-South Debate Regarding the Protection of Intellectual Property Rights" 28 Wake Forest Law Review, 89-140.

financial policies including these related to the protection of IPRs. Such a division made the achievement of a multilateral unified approach for protecting IPRs contentious and a very difficult task. Both blocs perceive the protection of IPRs from a different standpoint, and accordingly both wanted to implement their own vision and framework of protection in accordance with their own level of development and comparative advantage.

This chapter also discussed the role and the pressure exerted by interest groups in industrialised countries especially in the US and the EU that led to the adaptation of a more aggressive attitude in enforcing the protection of IPRs internationally by such countries. The 'trade-linkage' and the unilateral and bilateral policies exercised by some of the powerful nations including the US and the EU forced the developing countries to adopt an enhanced framework for the protection of IPRs and trademarks. This was achieved by various methods such as the force of trade and economic sanctions, threats and promises of privileges and concessions.¹⁵⁰ The greatest achievement in this regard was the conclusion of the TRIPS Agreement in 1995 after the establishment of the WTO.

Notably, the protection of trademarks at the international level seems to have acted as the main instigator behind the enhancement of the protection of IPRs to include and cover other forms of rights such as copyrights, trade secrets, geographical indications and patents. It is notable that in a number of cases before the conclusion of any of the major comprehensive agreement for the protection of IPRs internationally, an international effort towards regulating and protecting trademark protection preceded such an agreement hence paving the way for the adaptation of a wider agreement on all other forms of IPRs.

¹⁵⁰ This also meant that negotiations for the inclusion of IPRs took place between unbalanced parties. Thus, as some quips, "Negotiations on Intellectual property became a game of paper flows that Northern countries easily won". See The Corner House Briefing Paper (Sep 2004) "Who Owns the Knowledge Economy?" Briefing 32, at 25. Available at www.thecornerhouse.org.uk. (Last visited Oct 2004).

Chapter Four

From TRIPS-Minus to TRIPS-Plus: Multilateralism, Bilateralism and Regionalism in the Making of Intellectual Property Rights

- Introduction

The advent of the World Trade Organisation (WTO) in 1995 marked a new beginning in international trade and economic relations. Accordingly, GATT, GATS and the TRIPS Agreements came to represent the main pillars of the “new global economic order”. As noted previously, the conclusion of the TRIPS Agreement came about as a result of relentless efforts by the developed countries driven by their domestic interest groups such as the pharmaceutical, motion pictures and software industries to include the protection of IPRs under this multilateral forum.¹ This led some scholars to remark that the TRIPS Agreement represents the “most contentious and anomalous component of the Uruguay Round”.²

However, it is important to note that today, after almost one decade of the birth of the WTO, a clear lack of consensus regarding the benefits of this organisation and the

¹ See generally Terence, Stewart (1993) *The GATT, Uruguay Round; a Negotiating History (1986-1992)* Deventer, Kluwer Law and Taxation Publishers. Gana quips that “the TRIPS Agreement represents an attempt to protect certain forms of creative activity (i.e., innovation) in specific ways which have proved beneficial to corporative, post-modern economies.” Gana, Ruth (1995-1996) “Has Creativity Died in the Third World? Some Implications of the Internationalisation of Intellectual Property” 24 *Denver Journal of International Law and Policy* 1, 109-144, at 143.

² Dunkley, Graham (2000) *The Free Trade Adventure: The WTO, the Uruguay Round and Globalisation- A Critique*. London, Zed Books, at 69. On the TRIPS Agreement see generally UNCTAD (1996) *The TRIPS Agreement and Developing Countries*. United Nations, UNCTAD/ITE/1, Primo-Braga, Carlos (1996) “Trade-Related Intellectual Property Issues: The Uruguay Round Agreement and its Economic Implications” in Martin, Will and Winters, Alan (eds) *The Uruguay Round and the Developing Countries*. Chapter 12, Cambridge, Cambridge University Press, Gervais, Daniel (1999) “The TRIPS Agreement; Interpretation and Implementation” 21 *E.I.P.R.* 3, 156-162, Correa, Carlos (2000) *Intellectual Property Rights, the WTO and Developing Countries*. Zed Books, Third World Network.

TRIPS Agreement exists.³ In this regard, views on the WTO and TRIPS range from being labelled as “the greatest trade agreement in history”⁴ to being described as a mere ‘TRAP’ to both developed and developing countries.⁵ So how did such views evolve and what does the TRIPS Agreement represent and stand for? Did such views emerge as a result of the differences between the developing and developed countries as far as the interpretation of TRIPS is concerned or should it be attributed merely to the deficient nature of TRIPS itself in dealing with various issues of great interest to these countries?

As will be demonstrated, the justification for such conflicting views may be attributed to the widening gap between the positions of the developed and developing countries regarding the implementation and interpretation of the IPRs in general and the TRIPS Agreement in particular. In addition, the ongoing insistence exercised by the developed countries to upgrade the minimum levels of IPRs through various means reflects the developed countries’ belief that the current ‘minimum levels’ of protection are not sufficient enough to protect their IPRs. On the other hand, developing countries see the developed countries’ efforts to strengthen the protection of IPRs as reneging on their obligations which they undertook during the Uruguay Round of Trade Negotiations which led to the birth of the TRIPS Agreement itself.⁶

As will be demonstrated in this chapter, it is becoming increasingly evident that the current ‘minimum standards’ of IPRs protection are not satisfactory to certain industrialised countries. This chapter will attempt to explain the recent shift towards

³ See generally Dunkley, *Ibid.* Also see Trebilcock, Michael and Howse, Richard (1999) *The Regulation of International Trade*. London, 2nd Edition, Routledge. Also see Rose, Andrew (2004) “Do We Really Know That the WTO Increase Trade?” 94 *The American Economic Review* 1, 99-114.

⁴ Statement by Peter Sutherland, the GATT Director Secretary General, cited from Dunkley, *Ibid.*, at 3.

⁵ Remarks by Professor Chisum, Donald (1989) 22 *Vanderbilt Journal for Transnational Law* 2, 341-342, at 341. Commenting on why the term TRIP was selected instead of “why isn’t it “TRAP”, which might be more descriptive”. For more criticism of TRIPS see generally Hamilton, Marci “The TRIPS Agreement: Imperialistic, Outdated, and Overproductive” 29 *Vanderbilt Journal of Transnational Law* 2, 613-634.

⁶ For example, the same contentious issues which were subject to debate and discussion during the Uruguay Round of negotiations remain unsolved even until today. Some of these issues include:

- 1- Increased access of developing countries’ exports to rich countries markets not occurred.
- 2- No gains have yet been realised by the developing countries from the supposed phasing out of textile quotas.
- 3- Abuse or misuse of the anti-dumping measures against products from developing countries has not been completely abated.
- 4- Implementation of the agriculture agreement has not resulted in reducing high protection of agriculture products in rich countries.

new negotiation venues and forums by a number of countries to raise the protection levels of IPRs further.

Moreover, this chapter will shed light on the substantive provisions of the TRIPS Agreement with especial emphasis on the provisions related to the protection of trademarks. It will also discuss the emerging trend of bilateral and regional trade agreements and their creation and incorporation of the so-called 'TRIPS-plus' mechanism into the international framework for the protection of IPRs.

1. The TRIPS Agreement

The TRIPS agreement represents the most comprehensive agreement ever to be concluded in the field of IPRs.⁷ It contains provisions which lay down minimum standards for each protected branch of IPRs including the protection of copyrights, patents, trademarks, geographical indications, layout-designs, trade secrets and unfair competition.⁸ Under TRIPS, each of the above mentioned rights is defined, namely the subject matter to be protected, the rights to be conferred and permissible exceptions to those rights, in addition to the minimum duration protection periods. For creating this unified consensus regarding the approach in dealing with the protection of IPRs, TRIPS was credited by some as "one of the success stories of the Uruguay Round".⁹

However, one must not neglect the unique nature of this Agreement. Accordingly, TRIPS unlike other modern treaties and agreements, tends to legislate and add rules rather than de-regulate and remove barriers of regulation. As Dunkley remarked "it is anomalous because it adds rather than removes a form of protection".¹⁰ However, it must be clear that this characteristic is attributed more specifically to the 'unique nature' of IPRs in general rather than to the nature of TRIPS itself. Accordingly, those rights play a major role in creating the adequate balance of protection for the parties

⁷ On history of TRIPS see Braithwaite, John and Drahos, Peter 2003 *Information Feudalism: Who Owns the Knowledge Economy?*. New York, New Press.

⁸ See Reichman, Jeremy (1995) "Universal Minimum Standards of Intellectual Property Protection under the TRIPS Component of the WTO Agreement" 29 *The International Lawyer* 2, 345-388.

⁹ See generally Vandoren, Paul (1999) "The Implementation of the TRIPS Agreement" 2 *The Journal of World Intellectual Property* 1, 25-34, at 27.

¹⁰ Dunkley, *Supra* 2, at 69.

involved in the creation and use of IPRs (often the owner of the right, and the consumer or user of such rights). Such a balance of interest can only be achieved in such an equitable and fair manner as long as legal protection is created, henceforth the reason for intervention and regulation in the case of IPRs.¹¹

TRIPS strength lies in its enhanced enforcement provisions and its incorporation of the WTO dispute settlement procedure. All pre-TRIPS agreements lacked detailed rules on transparency and the enforcement of IPRs before national and international judicial and administrative authorities and lacked any efficient dispute settlement procedure.

Moreover, TRIPS acclimatised upon some of the existing international agreements in the field of IPRs including the Paris and Berne Conventions.¹² Furthermore, it complements the issues which were neglected by these agreements. For TRIPS addition to these arrangements and agreements, TRIPS was described by some as 'Paris-plus' and 'Berne-plus'.¹³ Accordingly, the TRIPS Agreement consists of 7 Parts and 73 Articles.

1.1 General Provisions

The TRIPS Agreement incorporates a comprehensive framework for the protection of IPRs. In this regard, TRIPS defines the rights protected (they include copyrights,

¹¹ On the unique nature of IPRs, Drahos explain that "we should bear in mind that modern intellectual property rights relate to the grant of property rights in some *thing* as well as constituting a set or relations between individuals". See Drahos, Peter (1996) *A Philosophy of Intellectual Property*. London, Dartmouth Publishing Company, at 17.

¹² TRIPS standards concerning the availability, scope and use of IPRs refer to and reproduce literally Articles (1-12) and (19) of the Paris Convention, Articles (1-21) of the Berne Agreement, Articles 2 through 7 and 16 of the Washington Convention. Further, TRIPS refers to the above mentioned conventions with regard to the enforcement of IPRs as well as the acquisition and maintenance of such rights.

¹³ TRIPS, Article 2.1 "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". Furthermore, Article 2.2 of TRIPS states "nothing in Parts I to IV of this Agreement shall derogate from existing obligations that members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits". For more see Gervais, Supra 2, at 156.

patents, trademarks, geographical indications,¹⁴ trade secrets, industrial design, unfair competition), the subject matter of each of these rights, duration of protection, maintenance and preservation of such rights. TRIPS also provides civil and criminal penalties in addition to more enhanced border and custom measures. Finally, TRIPS subjects the protection of IPRs to the WTO dispute settlement procedure.

The TRIPS Agreement also adopts the well-established provisions related to the National Treatment and Most Favoured Nation (MFN) principles. Respectively, Articles 3 and 4 of TRIPS deal with these two principles. Although the MFN principle has been established for a long period of time, TRIPS is the first multilateral IPRs agreement that refers to this principle explicitly. However, TRIPS acknowledges the already established exceptions under the current agreements including the Paris and Berne Conventions.¹⁵

Moreover, Part III deals with the enforcement issue. Unlike the Paris Convention,¹⁶ TRIPS requires and obligates member states to take positive steps in providing adequate and efficient enforcement tools against the infringement of IPRs that are provided under this agreement. It also requires member states to provide appropriate civil and administrative procedures and remedies to the right-holders to enable them to protect and defend their IPRs.¹⁷ Indeed this led some to say that the “enforcement provisions of the TRIPS Agreement are the most promising sections in the Agreement”.¹⁸

Unsurprisingly, special attention is also paid by TRIPS to the activities of piracy and counterfeiting. Accordingly, further criminal procedures and penalties are required

¹⁴ For more on geographical indications see Martin, Jose-Manuel (2004) “The WTO TRIPS Agreement: The Battle between the Old and the New World Over the Protection of Geographical Indications” 7 *The Journal of World Intellectual Property* 3, 287-326, Audier, Jacques (2000) *The TRIPS Agreement: Geographical Indications*, Luxemburg, Office for Official Publications of the European Communities. Also McCarthy, Thomas and Devitt, Veronica (1979) “Protection of Geographical Denominations: Domestic and International” 69 *Trademark Reporter*, 199-264

¹⁵ TRIPS Agreement, Article 3.1.

¹⁶ The Paris Convention adopts a non-binding and rather looser approach towards this issue. For example, Article 9.6 of the Paris Convention states “If the legislation of a country permits neither seizure on importation nor prohibition of importation nor seizure inside the country, then, until such time as the legislation is modified accordingly, these measures shall be replaced by the actions and remedies available in such cases to nationals under the law of such country”.

¹⁷ TRIPS Agreement, Articles (41-50).

¹⁸ Heald, Paul “Trademarks and Geographical Indications: Exploring the Contours of the TRIPS Agreement” (1996) 26 *Vanderbilt Journal of Transnational Law* 2, 635-660, at 649.

against cases of 'wilful trademark counterfeiting and copyright piracy on a commercial scale'.¹⁹ These are incorporated and provided by virtue of the additional monetary and imprisonment remedies against the perpetrators of such activities.

Moreover, disputes arising under TRIPS are subject to the WTO dispute settlement procedures that contain a detailed and substantive provisions based on transparency and efficiency in resolving disputes related to the interpretation of this agreement.²⁰ It also emphasises the fact that countries must not resort to unilateral or bilateral approaches or sanctions to resolve disputes arising under this agreement.²¹

The TRIPS Agreement is a part of the "package" those countries seeking the membership of the WTO have to adhere to. Accordingly, countries seeking the membership of the WTO have to accept and implement all obligations as required under TRIPS, GATS and GATT.²² Therefore, countries joining the WTO subsequently must incorporate into their domestic legislations the requirements of the TRIPS Agreement before signing up to the organisation. Thus, to cope with the short-term costs and to enable member states to prepare their accession to the WTO, several transition periods were agreed upon and provided in 1995.²³ Such periods correspond with each country's level of development and economic prosperity. Accordingly, developed countries were granted a one year transition period to bring their IPRs protection into conformity with TRIPS.²⁴ In addition, developing countries were granted an additional 4 years²⁵ and least-developing countries were also granted an

¹⁹ TRIPS Agreement, Article 61.

²⁰ TRIPS Agreement, Part V, Article 64. For more on WTO Dispute Settlement see Petersmann, Ernst-Ulrich (1994) "The Dispute Settlement System of the World Trade Organisation and the Evolution of the GATT Dispute Settlement System Since 1948" 31 Common Market Law Review, 1157-1195. Also see Trachtman, Joel (1999) "The Domain of WTO Dispute Resolution" 40 Harvard International Law Review 2, 333-378.

²¹ See TRIPS Preamble which states "*Emphasizing* the importance of reducing tensions by reaching strengthened commitments to resolve disputes on trade-related intellectual property issues through multilateral procedures". See also generally Gervais, Supra 2.

²² TRIPS Article 72 state "Reservations may not be entered in respect of any of the provisions of this Agreement without the consent of the other Members". Such an approach contravenes with practices undertaken during the previous trade negotiation rounds which relied on the 'a la carte' approach where GATT members could largely choose which agreements to adhere to. For more see Demart, Paul (1996) "The Metamorphoses of the GATT: From the Havana Charter to the World Trade Organisation" 34 Columbia Journal for Transnational Law, 123-172

²³ See Primo-Braga comments on this by saying that "the TRIPS bad effects will be diluted by the transitional periods". Primo-Braga, Supra 2, at 367.

²⁴ TRIPS Agreement, Article 56.1.

²⁵ TRIPS Agreement, Article 56.2.

additional 10 years for the same purpose, a period that was due to lapse on January 1st 2005.²⁶

1.2 Trademark Protection under the TRIPS Agreement

The TRIPS Agreement incorporates an extensive and detailed section related to the protection of trademarks. Accordingly, TRIPS enforced higher minimum standards of protection by defining matters that previous agreements were silent upon or neglected while at the same time adapting some of the already established provisions.

Although from a historical perspective, the international scholarly debate has often been channelled mainly towards discussing other types of IPRs such as copyrights and patents due to their effect on health and medical care,²⁷ recently the debate has extended to deal a number of issues related to trademark protection such as human rights, freedom of expression and consumer welfare.²⁸

TRIPS deals with the protection of trademarks under Articles (15-21). Unlike the Paris Convention, TRIPS provides a broad definition for trademarks' protection. This is of great significance for trademark owners since such a definition provides more common grounds against infringement while at the same time widens the scope of the protectable subject-matter hence providing protection for other increasingly emerging types of marks including coloured, sound and scent marks.

It also has a significant addition by subjecting 'Service Marks' to the same treatment as trademarks. Accordingly, Article 15.1 defines a trademark as; "Any sign, or any

²⁶ TRIPS Agreement, Article 66. However, in the WTO Ministerial Meeting in Doha in 2001, least-developing countries were granted an additional 10 years transition period until 2016 for pharmaceutical product patents. However, for the purposes of these Articles, developing countries' status is determined by the WTO based on a self-election criterion, while least-developing countries are those countries identified as such by the UN criterion which generally relies on the country's national income, human resource weakness, and economic vulnerability. For more on such classification see www.un.org and www.wto.org.

²⁷ Heald comments on lack of research as far as trademark protection is concerned by suggesting that "one gets the feeling from these articles that the patent and copyright sections must have greater 'sex appeal' than the trademark Sections". Heald, *Supra* 18, at 637. Also see Leaffer, Marshall (1998) "The New World of International Trademark Law" 2 *Marquette Intellectual Property Law Review*, 1-31.

²⁸ For more see the discussion in chapter 2.

combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registerability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible”.

In addition, TRIPS requires member states to provide protection for ‘Well-Known’ marks taking into consideration Article 6bis of the Paris Convention. Thus, trademarks that have become famous and well-known in a particular country would enjoy additional protection in other member states even if they were not registered.²⁹ Moreover, TRIPS requires that knowledge in the relevant sector of the public acquired not only as a result of the use of the mark but also as a result of its promotion to be taken into account.³⁰ Such protection therefore must be extended to non-competing goods and services.³¹

TRIPS also requires that trademarks are to be registered for a renewable period of at least 7 years indefinitely.³² Additionally, cancellation of the registered trademark may occur after a 3 year period of non-use of that trademark.³³

Furthermore, unlike the Paris Convention,³⁴ TRIPS grants trademark owners the right to assign their trademarks ‘with or without the transfer of business in which the

²⁹ In determining this, account shall be taken of the “knowledge of the trademark in the relevant sector of the public including...as a result of the promotion of the trademark”. TRIPS Agreement, Article 16.

³⁰ TRIPS Agreement, Article 16.2. For more see the discussion in the second chapter about famous and well-known trademarks.

³¹ TRIPS Agreement, Article 16.1 states “The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use”.

³² TRIPS Agreement, Article 18.

³³ TRIPS Agreement, Article 19.

³⁴ Paris Convention, Article 6 quater (1) states “When, in accordance with the law of a country of the Union, the assignment of a mark is valid only if it takes place at the same time as the transfer of the business or goodwill to which the mark belongs, it shall suffice for the recognition of such validity that

trademark belongs'³⁵ hence conferring greater powers and control to trademark owners.

Regarding compulsory licensing,³⁶ the TRIPS Agreement prohibits it in relation to trademarks. This abolishes the previous practice under the Paris Convention which used to allow compulsory licensing for trademarks.³⁷ TRIPS also prohibits any unjustifiable requirements that may impede the functioning of the trademarks system in the course of trade including the requirement of tying foreign trademarks with domestic ones in order to be registered.³⁸

TRIPS also deals with the issue of 'Geographical Indications' extensively. It is noteworthy to mention that TRIPS is the first multilateral text dealing with geographical indications as such. It supplies definitions for geographical indications, which is important to differentiate it from 'indications of source' and 'appellations of origin'.³⁹ It also provides additional protection for geographical indications for wines and spirits.⁴⁰

TRIPS also confirms that enforcement is meant to be available to all right holders and should be used in a manner as to avoid the creation of barriers to trade. As mentioned earlier, TRIPS also incorporates further border measures and penalties against piracy and counterfeiting including injunctions, seizure, forfeiture and destruction of pirated and counterfeited goods.⁴¹

the portion of the business or goodwill located in that country be transferred to the assignee, together with the exclusive right to manufacture in the said country, or to sell therein, the goods bearing the mark assigned".

³⁵ TRIPS, Article 21.

³⁶ Generally see Palladino, Voir "Compulsory Licensing of a Trademark" (1978) 68 Trademark Reporter, 522. Also McCarthy, Thomas (1977) "Compulsory Licensing of a Trademark: Remedy or Penalty" 67 Trademark Reporter, 197-282.

³⁷ See TRIPS Agreement, Article 21. The Paris Convention, Article 5c states "If, in any country, use of the registered mark is compulsory, the registration may be cancelled only after a reasonable period, and then only if the person concerned does not justify his inaction".

³⁸ TRIPS Agreement, Article 20.

³⁹ TRIPS Agreement, Article 22 defines geographical indications as "Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin". However, previous to the TRIPS Agreement, the expression 'Appellate of Origin' was the common term used to describe geographical indications.

⁴⁰ TRIPS Agreement, Article 23.

⁴¹ TRIPS Agreement, Articles (41-61).

After reviewing the previous provisions of the TRIPS Agreement, it becomes clear that TRIPS established more solid and higher minimum levels of trademark protection in comparison to other previous agreements in this field including the Paris Convention. In doing so, TRIPS provides broader definition of what a trademark constitute, awards trademark owners further grounds against infringement, creates further border measures and authorities to circumvent transfer of counterfeited products, and finally extends the scope of civil and criminal penalties against infringers.

2. The TRIPS Dogma

The need to protect IPRs on a global scale grew tremendously after the industrialised countries came to realise the benefits attached to such enhanced protection.⁴² As noted earlier, this encouraged those countries in particular the US, Japan and the EU to pursue a unilateral and a bilateral agenda to bring about the desired tougher levels of protection for IPRs internationally despite the developing countries unwelcoming approach to such protection.

As a result of such aggressive policies coupled with the use of trade sanctions and aid suspension, developing countries found themselves faced with no other alternative but to adhere to a multilateral forum in which, in exchange for guarantees and assurances from the developed countries to refrain from resorting to unilateral and bilateral pressures, they would incorporate higher levels of IPRs protection in their national legislations.⁴³

⁴² In 1986, some estimates that over 27% per cent of the US exports contained IPRs components. See Gadbow, Michael (1989) "Intellectual Property and International Trade: Merger or Marriage of Convenience?" 22 *Vanderbilt Journal of Transnational Law* 2, 223-242, at 232. (Cited from Gadbow, Michael and Richards, Timothy, (1988) eds., *Intellectual Property Rights: Global Consensus, Global Conflict?* Boulder and London: Westview Press.

⁴³ Some suggests that in 1995, developing countries took the 'best deal' they could get, by gaining market access to developed country's markets; developing countries believed that it was a price worth paying. See generally May, Christopher (2003) "Why IPRs are a Global Political Issue?" 1 *E.I.P.R.*, 1-5. Moreover, Abbott argues that developing countries agreed to TRIPS "not because they concluded that the agreement as a stand-alone matter was necessarily in their best interest" rather than it being a part of the bargain". Abbott, Fredrick (1996) "Commentary: The International Intellectual Property Order Enters The 21st Century" 29 *Vanderbilt Journal of Transnational Law* 2, 471-479, at 472.

Indeed, developing countries were convinced that the TRIPS Agreement would be the last of any multilateral effort to regulate IPRs internationally. Thus, by removing the 'burden' of IPRs out of their way in exchange for several concessions in other sectors including agriculture and market access, developing countries hoped that by adapting the TRIPS Agreement they would succeed in preventing developed countries especially the United States, from pursuing their unilateral and bilateral practices against them.⁴⁴ Indeed, this belief was exasperated and confirmed by the developed countries' own determination to shift the discussions surrounding IPRs to a more efficient and cohesive multilateral forum rather than depending on the already existing soft and fragile WIPO.⁴⁵

However, contrary to the developing countries' belief, developed countries steered by their domestic interest groups, saw this as just the beginning of a more heavily regulated global market for IPRs.⁴⁶ Hence, it became clear that the main objectives of the TRIPS Agreement are to universalise and internationalise the protection of IPRs according to Western IPRs levels and standards.⁴⁷

What may raise additional concern as far as the developing countries are concerned is how little information they knew about TRIPS during its negotiations. Developing

⁴⁴ Correa explains that "TRIPS was regarded by developing countries as the end of a process of substantial strengthening of IPRs protection". Correa, Carlos (2004) "Bilateralism in Intellectual Property: Defeating the WTO System for Access to Medicines" 36 Case Western Reserve Journal of International Law 1, 79-94, at 79.

⁴⁵ Further remarks by some US Officials was hinting in that direction as well, for instance, in 1989, Emory Simon, the Director of Intellectual Property at the Office of the USTR stated that "what happens if we fail to [obtain TRIPS?] I think there are a number of consequences to failure. First, will be an increase in bilateralism. For those of you who think that bilateralism is a bad thing, a bad thing will come about". Remarks of Simon, Emory, (1989) 22 Vanderbilt Journal of Transnational Law 2, 369-371, at 370.

⁴⁶ A letter from Pfizer (one of the world biggest pharmaceutical companies) to the USTR in 1994 supports such conviction, it states that "Finally, GATT does not do it. Many Indians mistakenly (often very honestly) believe that if they endorse GATT they will have solved their intellectual property and pharmaceutical patent issue. Not so, particularly if they truly want to create an environment that attracts investment and provides better medicine legalistically agreeing to something (GATT) that brings this into play in ten years or more achieves neither of these two objectives". Letter from C.L. Clemente, Senior Vice President – Corporate Affairs, Pfizer Inc to Joseph Papovich, Deputy Assistant U.S. Trade Representative for Intellectual Property, June 7, 1994, cited in Drahos, Peter (2003) "Expanding Intellectual Property's Empire: The Role of FTAs". Available at GRAIN; <http://www.grain.org/rights/tripsplus.cfm?id=28>. (Last visited April 2005)

⁴⁷ See generally Correa, Supra 2. Also see Botoy, Ituku (2004) "From the Paris Convention to the TRIPS Agreement: a One-Hundred-and-Twelve-Year Transitional Period for the Industrialised Countries" 7 The Journal of World Intellectual Property 1, 115-130.

countries often found themselves “out-argued by pro-TRIPS delegations”⁴⁸ and they also lacked the vital negotiation skills, experts and the available data which is necessary to evaluate the likely outcome of their accession to this agreement. Indeed as one commentator remarks “Multinationals had better information about the strategic use of intellectual property portfolios (since this was private information) in various markets around the world than did most governments”.⁴⁹ Further, some argue that developing countries in certain vital and sensitive IPRs sectors were totally excluded from the negotiations including the protection of drug and pharmaceutical patents.⁵⁰

However, one can see that the subsequent collapse of recent trade negotiation rounds in Seattle⁵¹ followed by Cancun⁵² came as a result of the developing countries’ frustration and scepticism towards the developed countries’ resolve to unilateralism and their hesitant implementation of the promises made during the Uruguay Round of Trade Negotiations.⁵³

3. Multilateralism, Regionalism and the Rise of Bilateralism

The promise made by the developed countries and in particular the United States during the Uruguay Round of negotiations to refrain from pursuing unilateral and bilateral policies to enforce IPRs protection did not materialise. In fact, some suggest

⁴⁸ Dunkley, *Supra* 2, at 191.

⁴⁹ Drahos, Peter (2002) “Developing Countries and International Intellectual Property Standard-Setting” 5 *The Journal of World Intellectual Property* 5, 765-789, at 772. Also see UNCTAD’s report which concludes that there is little evidence on the relation between the levels of IPRs protection and foreign direct investment (FDI), see UNCTAD Report (1996) *The TRIPS Agreement and Developing Countries*. United Nations, UNCTAD/ITE/1.

⁵⁰ Drahos suggests that “During the TRIPS Negotiations and when the rules on patenting were being decided, no African negotiator, the continent worst affected by AIDS, ever made it into the key inner circles of decision-making”. See Drahos, *Supra* 46.

⁵¹ For the debate in Seattle regarding IPRs see Abbott, Fredrick (2000) “TRIPS in Seattle: The Not-So-Surprising Failure and the Future of the TRIPS Agenda” 18 *Berkeley Journal of International Law*, 165-179. Also see Gantz, David (2000) “Failed Efforts to Initiate the ‘Millennium Round’ in Seattle: Lessons for Future Global Trade Negotiations” 17 *Arizona of International and Comparative Law*, 349-370.

⁵² For the debate in Cancun see Cho, Sungjoon (2004) “A Bridge Too Far: The Fall of The Fifth WTO Ministerial Conference in Cancun and The Future of Trade Constitution” 17 *Journal of International Economic Law* 2, 219-244.

⁵³ Some even go as far as suggesting that the “developed countries never had any intention of fulfilling implementation commitments”. Kelegama, Saman and Mukherji, Indra (Sep 2003) “WTO and South Asia: From Doha to Cancun” *Economic and Political Weekly*, at 3864.

that the United States has been trying to increase the levels of IPRs protection above these required under TRIPS through the various regional and bilateral trade agreements and initiatives. This has resulted in achieving the so-called 'TRIPS-plus' recipe.⁵⁴ Examples of such regional arrangements can be found in the North American Free Trade Agreement (NAFTA) and the Free Trade Agreement of the Americas (FTAA). Examples of such bilateral arrangements include the US-Jordan FTA,⁵⁵ the US-Chile FTA⁵⁶ and the US-Morocco FTA.⁵⁷ Accordingly, the next part of this chapter will attempt to pin-point the main characteristics of such regional and bilateral free trade agreements and what is meant by the 'TRIPS-plus' formula.

3.1 Regionalism Vs Bilateralism

The push to incorporate higher levels of IPRs protection through regional trade agreements and bilateral free trade and investment agreements has intensified during the second half of the 20th Century. However, such efforts were conspicuously accelerated during the last two decades.⁵⁸ Therefore, a look through the main features and characteristics of such trade arrangements is very useful in helping us to determine their effect and influence in relation to the protection of IPRs.

3.1.1 Regional Trade Agreements (RTAs)

One may define regional trade agreements as "institutionalised cooperation among groups of states to give trade benefits to each other that may or may not extend to

⁵⁴ See El Said, Mohammed (2005) "The Road From TRIPS-Minus to TRIPS to TRIPS-Plus: Implications of IPRs for the Arab World" 8 The Journal of World Intellectual Property 1, 53-66, and Pugatch, Meir 2005 "The International Regulation of IPRs in a TRIPS and TRIPS-Plus World" 6 The Journal of World Investment and Trade 3, 431-465.

⁵⁵ Agreement between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area, 24 October 2000 [hereinafter US-Jordan FTA].

⁵⁶ Free Trade Agreement between the United States of America and Chile, 2003 [hereinafter US-Chile FTA].

⁵⁷ Agreement between the United States of America and the Kingdom of Morocco, 2003 [hereinafter US-Morocco FTA].

⁵⁸ Such arrangements are based mainly on the notion of reciprocal trade preferences and market access between member countries.

third parties".⁵⁹ Examples of such arrangements are the European Union (EU), the Association of Southeast Asian Nations (ASEAN), the Custom Union Comprising Brazil, Argentina, Paraguay and Uruguay (MERCOSUR), the ANDEAN Pact and the North American Free Trade Agreement (NAFTA).⁶⁰

Regional trade arrangements take several forms, including bilateral exchange of tariff preferences (Preferential Trading Areas), the establishment of an economic union, where two or more countries agree to unify their fiscal monetary and social policies. They also include Free Trade Areas (FTAs), where two or more countries abolish all import duties on their mutual trade, but retain their existing tariffs against the rest of the world. Customs Union falls within such arrangements where the abolition of mutual import duties is matched by the adaptation of a common external tariff on imports from the rest of the world. A Common Market is established where the members of a customs union also agree to allow the free movement of all factors of production between member countries.⁶¹

The notion of 'regional integration' has long been acknowledged. Although regional trading arrangements were known long before the establishment of the General

⁵⁹ Barry, Donald and Keith, Ronald (1999) *Regionalism, Multilateralism, and the Politics of Global Trade*. Vancouver, University of British Columbia Press, UBC, at 3. Moreover, Stoeckel defines 'trade blocs' by suggesting that this term "can be used to cover a number of different trading arrangements. What they have in common is a set of market access conditions among member countries which differ from those for countries outside the bloc". See Stoeckel Andrew, Pearce David and Banks G "Western Trading Blocs: Game, Set or Match for the World Economy?" 1990 Centre for International Economics. Generally see Van Dijk, Meine and Sideri, Sandro (1996) *Multilateralism Versus Regionalism: Trade Issues After the Uruguay Round*. London, FRANK CASS, also Anderson, Kym and Blackhurst R "Regional Integration and the Global Trading System" (1993) GATT Secretariat, Geneva, Harvester Wheatsheaf; Belous, Richard and Hartly, Rebecca (eds) (1990) *The Growth of Regional Trading Blocs in the Global Economy*, Washington DC, National Planning Association; Bhagwati, Jagdish (1991) *The World Trading System at Risk*. Princeton, Princeton University Press.

⁶⁰ For more on IPRs under NAFTA see Hertz, Allen (1997) "Shaping the Trident: Intellectual Property under NAFTA, Investment Protection Agreements and at the World Trade Organisation" 23 *Canada-United States Law Journal*, 261-325. Simon, Emory (1993-1994) "GATT and NAFTA Provisions on Intellectual Property" 4 *Fordham Intellectual Property Media and Entertainment Law Journal*, 267-282.

⁶¹ For more see Blakeney, Michael (1998) "The Role of Intellectual Property Law in Regional Commercial Unions" 1 *The Journal of World Intellectual Property* 4, 691-709, at 699. The main division of such types of regional trading arrangements depends on how far cooperation and harmonisation within such arrangements is achieved. Thus, while a preferential trading and free trade areas are described as 'shallow integration' mechanisms, Economic Union represents the most cogent way of achieving harmonisation and unification. For more see Das, Dilip (2001) "Regional Trading Agreements: The Contemporary Scenario" (June 2001) 2 *The Journal of World Investment and Trade* 2, 333-402.

Agreement on Tariffs and Trade (GATT),⁶² the Agreement provided the first framework for the procedures and rules that should regulate the creation of such arrangements under the international multilateral system.⁶³ However, GATT did not define what is meant by a 'Trading Bloc' but rather referred to the functions such blocs may serve.⁶⁴ In fact, GATT perceived such 'trade blocs' as one of the 'exceptions' to the general rule of Most Favoured Nation (MFN) of Article I in which preferential treatment may be awarded to members of such arrangements without applying the MFN principle regarding other members outside such arrangements.

The establishment of the European Economic Community (EEC) in 1958 and the European Free Trade Association (EFTA) in 1960 represent the beginning of organised subsequent waves of regional integration globally. They were supplemented by the ASEAN Regional Trade Agreement in 1967. Such a pattern re-emerged during the 80s and 90s which witnessed the creation of further regional trade agreements including the NAFTA Agreement in 1994.

The WTO estimates that there are more than 300 regional trade agreements (RTAs) currently in force.⁶⁵ However, albeit debate about the benefits of such RTAs tends to reaffirm that such agreements are of a beneficial value in providing market expansion and fostering world trade integration and liberalisation through regional harmonisation, some suggest that the debate about regionalism is still inconclusive.⁶⁶ Fears about regionalism undermining multilateralism were also voiced especially after the creation of the WTO and the new global multilateral framework.⁶⁷ However, a large proportion of scholars agree that such RTAs "tend to be more liberalising than

⁶² Some refer to it as early as the Sixteenth Century in relation to the proposed economic and political union between England and Scotland in 1547-48. For more see, Das, *Ibid*, at 335.

⁶³ See Article XXIV GATT. This principle was subsequently enshrined under the WTO Agreements.

⁶⁴ For more see Qureshi, Asif (1996) *The World Trade Organisation: Implementing International Trade Norms*. Manchester, Manchester University Press, in particular chapter 9.

⁶⁵ "The vast majority of WTO members are party to one or more regional trade agreements. The surge in RTAs has continued unabated since the early 1990s. Some 250 RTAs have been notified to the GATT/WTO up to December 2002, of which 130 were notified after January 1995. Over 170 RTAs are currently in force; an additional 70 are estimated to be operational although not yet notified. By the end of 2005, if RTAs reportedly planned or already under negotiation are concluded, the total number of RTAs in force might well approach 300".

See http://www.wto.org/english/tratop_c/region_c/region_e.htm. (Last visited Feb 2005).

⁶⁶ Some accrue regionalism as a first step towards full global liberalisation, thus fostering multilateral integration. In addition, it is a useful way to acquire the necessary experience to carry out larger projects at a global scale. See Van Dijk and Sideri, *Supra* 59.

⁶⁷ See generally Melo, Jaime and Panagariya, Arvind (1993) *New Dimensions in Regional Integration* (eds). Cambridge, Cambridge University Press.

GATT”,⁶⁸ a fact that also applies to certain RTAs as far as the protection of IPRs are concerned.⁶⁹

Increasingly, such regional arrangements tend to regulate various issues ranging from tariffs reduction, services, investment, market entry and finally IPRs protection. However, a clear example of a strongly regulated regional agreement in regard to IPRs protection would be the NAFTA Agreement which incorporates a comprehensive framework for the protection of IPRs that exceeds TRIPS standards within its territory.⁷⁰

The EU and the ASEAN Association both adopt a comprehensive regime of IPRs protection based on the need for harmonisation and cooperation between member states in unifying their policies in matters related to trade and investment. Further, the ASEAN Association incorporates a framework agreement on IPRs of a cooperative nature with no immediate obligations on its member states. It also covers other issues related to technology transfer and dissemination of information technology.⁷¹

Albeit 11 Arab Countries Signed a Regional Free Trade Agreement (AFTA) in 1998 between them, the agreement was silent on the issue of dealing with and regulating IPRs. In fact no reference was made to that effect which may be influenced by the fact that most Arab Countries are net importers of technologies and inventions and therefore the culture of enforcing IPRs in that region is still in its early stages at the regional level while at the bilateral level some of these countries seems to have adapted an up-to-date legislation as a result of joining the WTO and several Bilateral Free Trade Agreements (FTAs).⁷²

⁶⁸ See Dunkley, Supra 2 at 97.

⁶⁹ See NAFTA Agreement. Also see Maskus, Keith (1997) “Implications of Regional and Multilateral Agreements for Intellectual Property Rights”. 20 *The World Economy* 4, 681-694.

⁷⁰ See Part 6 NAFTA Agreement. For example, Article 1701 requires member states to ratify the Geneva, Berne, Paris Conventions, the International Convention for the Protection of New Varieties of Plants, 1978 (UPOV Convention), or the International Convention for the Protection of New Varieties of Plants, 1991 (UPOV Convention).

⁷¹ For more on IPRs in the ASEAN see <http://www.aseansec.org/6414.htm>. Also see Endeshaw, Assasffa (1999) “Harmonisation of Intellectual Property Laws in ASEAN: Issues and Prospects” 2 *The Journal of World Intellectual Property* 1, 3-23.

⁷² Generally see Zarrouk, Jamel and Zallio, Franco (2001) “Integrating Free Trade Agreements in the Middle East and North Africa” 2 *The Journal of World Investment and Trade* 2, 403-426. However, this situation may not only be confined to the Arab countries’ regional integration experience but rather a common feature of South-South integration initiatives. As was explained, ‘The liberalisation involved

Increasingly, the idea of tying IPRs with investment is becoming of vital importance. Such a notion acquired further importance especially after the failure of the proposed Multilateral Agreement on Investment (MAI) in 1995.⁷³ Although the agreement did not tackle the protection of IPRs directly,⁷⁴ it was clear that any future framework should incorporate a comprehensive level of provisions dealing with the protection of IPRs. However, a number of developed countries especially the United States are increasingly exerting pressure on countries party to such regional arrangements to incorporate tougher levels of IPRs protection.⁷⁵ This was evident in the NAFTA Agreement and subsequently in the ANDEAN Pact in which it is claimed that in the latter in 2000 the United States has pressured the Pact members to revise their framework system of protection for IPRs which was first implemented in 1993. This resulted in a revised version of the framework in 2000, which does not only come in line with the requirements of the TRIPS Agreement but even goes beyond it in certain aspects.⁷⁶

However, one can say that exercising external pressure on such regional trading groupings by certain developed countries, particularly the United States, to adapt TRIPS and TRIPS-plus IPRs regimes has been less effective in achieving its goals. Although the NAFTA Agreement and the ANDEAN Pact may be a different case due to their special geographical and political connectivity with the United States, other regional groupings were less susceptible to such pressures.

in South-South Agreements is of a different character. It tends to focus on market access, on tariff barriers, and to a lesser extent non-tariff barriers. And it tends to pass over elements of deeper integration such as investment and intellectual property rights". See the International Institute for Sustainable Development (Nov 2004) "The Rush to Regionalism: Sustainable Developments and Regional/Bilateral Approaches to Trade and Investment liberalisation" a scoping paper prepared for the International Development Research Centre, Canada, at 29. Available at http://www.iisd.org/pdf/2005/trade_rush_region.pdf. (Last visited June 2005).

⁷³ [Hereinafter MAI].

⁷⁴ See Part II of the proposed Draft for the Multilateral Investment Agreement (MAI) Para 2 define "Investment means" : (a) every kind of asset owned or controlled directly [or indirectly,] by an investor, including: (VI) intellectual property rights" More on IPRs under MAI see Gervais, Daniel and Nicholas-Gervais, Vera (1999) "Intellectual Property in the Multilateral Agreement on Investment: Lessons to be Learned" 2 *The Journal of World Intellectual Property* 2, 257-274.

⁷⁵ A study carried out in 2002 by the OECD argued that 'most RTAs dealing with intellectual property rights have more far reaching provisions than those found in the WTO Agreement on TRIPS". OECD Trade Directorate, *Regional Trade Agreements and the Multilateral Trading System*, OECD, Paris, 20 November 2002, Doc. No.TD/TC/(2002)8/Final.

⁷⁶ See <http://www.comunidadandina.org/ingles/politics/intelec.htm>. Also see comments of Raghavan, C "Andean Pact's New IPR Regime Shaped in US Interest?" www.twinside.org.sg/title/andean.htm. (Last visited 24-10-2003), and "The Andean Pact: Issues Related to IPR in this Agreement", at www.comunidadandina.org.

Several reasons may preclude such attempts at imposing a stronger regime of IPRs protection upon a regional trading group consisting of several countries. First, due to practical considerations, it is often a more difficult task for a powerful country like the United States to impose stronger standards of IPRs protection upon a group of countries especially when they all act as one negotiating group. Therefore, countries which constitute a part of an RTA are most likely to enjoy increased bargaining powers when they negotiate collectively any further arrangements with other countries or trading blocs.

Second, today's regional trade agreements are increasingly being formulated by a number of countries that share different economic and political development levels and ideologies resulting in the formulation of different priorities for each one of these countries. Hence, while it may be a national priority for a country like Singapore to adapt an up-to-date IPRs regime to attract further FDI and to improve its innovative advantage, the situation may be different in regard to another less developed country like Vietnam that does not enjoy such an incentive.

Third, some of the in-built mechanisms of such regional arrangements related to the ratification of certain agreements with other countries may require unanimity and consensus of all member states on such issues. In today's regional trade agreements, when such alliances consist of a large number of countries, such unanimity might be very difficult and even impossible to achieve.

Such practical difficulties in achieving higher levels of IPRs protection has led many developed countries to channel their activities into the old fashioned method of bargaining; namely Bilateral Free Trade and Investment Agreements. Indeed, empirical evidence indicates that this latest method in enforcing higher levels of IPRs protection has reached where no previous method did in achieving higher levels of protection by creating the so-called 'TRIPS-plus' recipe.

Accordingly, recent attempts to 'break the cycle' and the 'resistance' by incorporating higher international standards of IPRs protection through penetrating such regional trade agreements has been a priority for several industrialised countries in particular the United States and the European Union. This is being achieved through infiltrating

such groupings via the conclusion of several Bilateral Free Trade and Investment Agreements with members of such RTAs. This trend was clearly demonstrated by the conclusion of several FTAs in recent times such as the US-Singapore Free Trade Agreement (the first ever between the US and any Asian Country),⁷⁷ the US-Jordan Free Trade Agreement (the first ever between the US and any Arab or Muslim country),⁷⁸ the US-Chile Free Trade Agreement (the first ever between the US and any South American country) in 2003, the US-Morocco Free Trade Agreement (the first ever between the US and any North African Country) and finally the US-Bahrain Free Trade Agreement (the first ever between the US and a Gulf state country).⁷⁹ The next section will delve into the details of some of these agreements and their implications on the developing countries.

3.1.2 Bilateral Free Trade Agreements (BFTAs)

The collapse of the 1999 WTO Ministerial Conference in Seattle signalled the official beginning of some difficult times ahead for the global multilateral system as embedded under the WTO structure. However, the subsequent abrupt failure of the Cancun Ministerial Conference in 2003 led many to believe that the future of the world multilateral framework cooperation is in real jeopardy. In this regard, one may highlight that during the same time when multilateralism was in retreat, there has been some evidence on the other hand that bilateralism was on the rise.

Although industrialised countries and in particular the United States made promises that they would not resort to unilateral or bilateral measures if a multilateral trading system was established during the Uruguay Round of Negotiations in 1994, empirical evidence is not supportive of this argument and does not reflect that truth. In fact in recent years there has been an increase in the number of bilateral initiatives sought by the United States and the European Union to strengthen their trade relations with other developed and developing countries. Such initiatives emphasise the importance of protecting IPRs in accordance with the 'highest international standards' and levels of

⁷⁷ US-Singapore Free Trade Agreement signed on January 15, 2003. [Hereinafter US-Singapore FTA].

⁷⁸ US-Jordan Free Trade Agreement signed on October 24, 2000.

⁷⁹ US-Bahrain Free Trade Agreement signed on 17 May 2004. [Hereinafter US-Bahrain FTA].

protection. Such bilateral initiatives are achieved through a number of Bilateral Free Trade and Investment Agreements.

The world has experienced a tremendous rise in the number of bilateral free trade agreements in recent times, not only between developed countries but also between them and less developing countries (LDCs). The United States has already completed seven free trade deals while at the same time it is currently negotiating another fourteen agreements.⁸⁰ Other developed nations are following suit. The European Union (EU) has recently completed more than thirty Bilateral Association Agreements with countries located in MENA region (including Jordan) and Eastern Europe⁸¹ while Japan is currently negotiating its first ever free trade agreement with Singapore.

Some of the noteworthy features of these bilateral trade arrangements are their extensive coverage for various issues related to trade, investment, labour, environment and most importantly to the protection and regulation of IPRs. In fact certain free trade agreements go beyond the established international requirements of the TRIPS Agreement hence resulting in the so-called 'TRIPS-plus' recipe. However, the next section will delve into the details of such a recipe and how it is achieved.

3.2 Why TRIPS-Plus?

Before delving into the details of what is meant by TRIPS-plus, it would be useful to shed light upon the motives behind such efforts aimed towards strengthening the levels of IPRs protection worldwide.

As previously demonstrated, the developing countries' adherence to the WTO and the TRIPS Agreement was influenced by their belief that by implementing the minimum standards of protection as prescribed by TRIPS they would be able to deactivate any

⁸⁰ These include four in the Middle East and North Africa (MENA), with Jordan, Bahrain, Morocco and Israel.

⁸¹ See Council of Canadians and Polaris Institute "WTO-FTAA: Making the Links Report", Bulletin Board, July 24 2003. Available at (<http://www.corpwatch.org/bulletins/PBD.jsp?articleid=7718>). (Last visited March 2004).

further attempts by the developed countries to regulate matters related to IPRs by resorting to bilateral or unilateral means.⁸²

On the other hand, the developed countries did not share the same belief. On the contrary, developed countries saw TRIPS as the road to achieve and regulate IPRs more extensively. In fact some Western scholars⁸³ went as far as labelling the TRIPS Agreement as 'deficient' and 'outdated' from its early beginnings due to its lack of address for some of the emerging issues related to the protection of IPRs. Those issues include the regulation of the internet and the related investment in the software and computer industry.

This discontent about the lack of protection coverage and the failure to raise the levels of IPRs protection above those prescribed under the TRIPS Agreement through the multilateral forum prompted a number of developed countries to pursue whatever means possible to bring about the desired changes.

To these countries, it was not a only a matter of what changes should be introduced to the international protection of IPRs regime but rather of how such measures and changes should also be achieved. The technical difficulties associated with the voting process under WTO Agreements and the lack of any binding mechanism to bring about such changes under WIPO prompted the developed countries to 'regime shift' to a new paradigm.⁸⁴ The solution to this soon became clear: regional and bilateral free trade arrangements are the latest 'forum' for enhancing the protection of IPRs through the use of trade leverage and threat of unilateralism. This came to represent the new shape of the modern 'enforcement phase' in the post-TRIPS world. Evidently, this resulted in the so-called TRIPS-plus effect.

⁸² Correa remark "the adaptation of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) was regarded by developing countries as the end of a process of substantial strengthening of intellectual property rights protection". Correa, Supra 44, at 79.

⁸³ Gervais remarks that "Even at its signing in Marrakesh in 1994, however, the TRIPS Agreement was already outdated". See Gervais, Daniel (2001-2002) "The Internationalisation of Intellectual Property: New Challenges From the Very Old and the Very New" 12 Fordham Intellectual Property, Media and Entertainment Law Journal, 929-990, at 948. See also generally Hamilton, Supra 5.

⁸⁴ Helfer defines 'regime shifting' as "an attempt to alter the status quo ante by moving treaty negotiations, law making initiatives, or standard setting activities from one international venue to another". See Helfer, Laurence (2004) "Regime Shifting: the TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking" 29 Yale Journal of International Law 1, 1-83, at 14.

3.3 The Definition of 'TRIPS-Plus'

TRIPS lay down minimum IPRs standards of protection. Thus, WTO member countries have to adhere to such standards and accordingly can not derogate or provide lower ceilings of IPRs protection.⁸⁵ However, TRIPS provides members with the right to apply and incorporate higher and more extensive levels of protection if they opt to do so willingly as long as they apply the general principles of Most Favoured Nation and National Treatment under this agreement. In addition, The TRIPS Agreement also provides member countries with the discretion to incorporate their own standards and procedures about how to implement and enforce the agreement within their jurisdictions.

'TRIPS-plus' mechanism may be interpreted in several ways. Accordingly, if a country implements more extensive levels and standards of IPRs protection than of those required under the TRIPS Agreement, or undertakes the elimination of an option which was awarded to it under the agreement, it may be said that this country is implementing a 'TRIPS-plus' recipe.⁸⁶

As mentioned in the foregoing paragraphs, countries have the option to implement more extensive levels of protection if they wished to do so. However, during the past few years, it has been noticed that a number of countries have adapted and incorporated such an enhanced level of protection unwillingly as a result of pressures exerted against them or due to the conclusion of several free trade and investment agreements with other industrialised countries. This trend was championed by the United States, Japan, and the European Union in their latest free trade and association agreements with a number of developing countries. However, an important question is often raised in this regard: what are the components of a 'TRIPS-plus' agreement?

⁸⁵ TRIPS Article 1.1 states "Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice".

⁸⁶ Moreover, one may add that 'TRIPS-plus' may also mean that countries are to interpret the TRIPS Agreement in a narrower sense thus ensuring the compliance of these countries in accordance with this agreement with the utmost levels of efficiency. See Drahos, Peter (2001) "BITs and BIPs: Bilateralism in Intellectual Property" 4 *The Journal of World Intellectual Property*, 6, 791-808.

- *The Genesis of 'TRIPS-Plus'*

The emergence of TRIPS-plus should be observed with caution. As a result, shifting the discussion on IPRs from multilateral forums to regional and bilateral ones is most likely to result in a negative effect on weaker developing states. Already a number of leading reports warned about the dangers of such a 'shift',⁸⁷ hinting that developing countries should pay more attention and focus on developing local innovation and creativity rather than on protecting the owners of IPRs.

As noted earlier, there can be no fixed definition for the term 'TRIPS-plus'. In this regard it would be prudent to suggest that such a term is still in the course of evolution and has proven to be case and country-specific. However, this can be viewed in conjunction with the emerging provisions of the recent FTAs and BITs in this field in which they all seem to add more to the existing literature.

The 'TRIPS-plus' effect is also achieved as a result of unilateral pressure exerted against countries by the imposition of trade sanctions or suspension of aid, within this context, the US '301' Section played and remains to play a major role in creating and facilitating such an effect. However, it is enough for any bilateral trade or investment agreement to have one or more of these conditions to constitute a 'TRIPS-plus' recipe. Also, it is important to note that this is not an exhaustive or a conclusive list of conditions, hence we are most likely to experience an increase in its features with the conclusion of more bilateral agreements.⁸⁸

However, the following are some examples of the characteristics which may deem an agreement a 'TRIPS-plus' one:

⁸⁷ See the IPRs Commission Report (2002) *Integrating Intellectual Property Rights and Development Policy*. Report of the Commission on Intellectual Property Rights, London, available at www.iprcommission.org. Also see UN Development Fund (2003) *Making Global Trade Work for People*, Rockefeller Brothers Fund. Chapter 11. At www.undp.org/dpa/publications/globaltrade/pdf. (Last visited September 2004). Independent researches also warned from such efforts, for example see Vivas-Eugui, David (2003) "Regional and Bilateral Agreements and a TRIPS-Plus World: the Free Trade Area of the Americas FTAA" Quaker UN Office, Quno, Geneva, at 2. Available at [http://www.geneva.quno.info/pdf/FTAA%20\(A4\).pdf](http://www.geneva.quno.info/pdf/FTAA%20(A4).pdf). (Last visited September 2005).

⁸⁸ For example see GRAIN (2001) "TRIPS-plus: Through the Back Door: How Bilateral Treaties Impose Much Stronger Rules for IPRs on Life than the WTO" at <http://www.grain.org/briefings/?id=6>. (Last visited January 2005).

First, the TRIPS Agreement allows member countries to exempt and exclude plant and animal patents from their national patent laws.⁸⁹ Increasingly, countries through such FTAs are being forced to relinquish such a right by requiring them to award protection for such patents hence resulting in a 'TRIPS-plus' effect. A good demonstration of this trend is the US-Jordan FTA which commits Jordan to provide protection for such patents.⁹⁰

Moreover, on the issue of revocation of patents, TRIPS grants member countries the discretion to incorporate freely the grounds and conditions of such revocation within their national legislations.⁹¹ However, some of the latest FTAs are increasingly restricting the basis of such revocation to include cases of fraud and misrepresentation hence restraining the flexibility of the TRIPS Agreement.⁹²

Moreover, although compulsory licensing is allowed under the TRIPS Agreement provided that the conditions set forth are met and the licensing is taken to protect the public interest,⁹³ recent bilateral trade agreements are depriving member states from resorting to using such a right. Although such a right is presumed under the TRIPS Agreement, some agreements are anticipating such a potential by explicitly emphasising that compulsory licensing is to be excluded from the investment expropriation and compensation provisions which may be undertaken by member states. For example, the US-Chile FTA stipulates explicitly that the provision on

⁸⁹ TRIPS, Article 27.3 (b) states "members may also exclude from patentability (b); plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof".

⁹⁰ See US-Jordan FTA, Article 4.18 states "each part may exclude from patentability; (a) inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect *ordre public* of morality, including to protect human, animal or plant life or health or to avoid serious prejudices to the environment provided that such exclusion is not made merely because the exploitation is prohibited by their law". Also Article 17.9 (2) of US-Chile FTA states "Each Party will undertake reasonable efforts, through a transparent and participatory process, to develop and propose legislation within 4 years from the entry into force of this Agreement that makes available patent protection for plants that are new, involve an inventive step, and are capable of industrial application". Also see the US-Morocco FTA, Article 15.9 (3) and the US-Bahrain FTA, Article 14.8 (1 and 2).

⁹¹ TRIPS Agreement, Article 23.

⁹² The US-Australia FTA, Article 17.9 (4) states "each party shall provide that a patent may only be revoked on grounds that would have justified a refusal to grant the patent or on the basis of fraud, misrepresentation, or inequitable conduct". Moreover, the US-Chile FTA, Article 17.9 (5) state "a party may revoke or cancel a patent only when grounds exist that would have justified a refusal to grant the patent". Also see US-Morocco FTA, Article 15.9 (5).

⁹³ TRIPS Agreement, Article 31.

expropriation and compensation "...does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights in accordance with the TRIPS Agreement".⁹⁴

Second, a "TRIPS-plus" effect may relate to extending certain periods of protection beyond the requirements of the TRIPS Agreement and forgoing certain benefits related to the enjoyment of transition periods by certain developing countries. An example of the earlier scenario is clearly manifested by the US-Chile FTA which provides that protection for copyrights should be calculated on the basis of the life of the author plus 70 years,⁹⁵ a clear extension of that protection period as proposed under the TRIPS Agreement which provides that protection should be the life of the author plus 50 years.⁹⁶

Moreover, other FTAs are obliging member countries to extend the protection of pharmaceutical and plant patents beyond that protection period provided under the TRIPS Agreement⁹⁷ of 20 years to 25 years.⁹⁸

In addition, under the TRIPS Agreement, the period for the protection of industrial designs is a minimum period of ten years.⁹⁹ However, a number of FTAs has already extended this protection period to at least 15 years therefore resulting in a 'TRIPS-plus' effect.¹⁰⁰

⁹⁴ US-Chile FTA, Article 17.9 (5).

⁹⁵ US-Chile FTA, Article 17.5 (4) states "Each Party shall provide that where the term of protection of a work (including a photographic work) is calculated: (a) on the basis of the life of a natural person, the term shall be not less than the life of the author and 70 years after the author's death; and (b) on a basis other than the life of a natural person, the term shall be: (i) not less than 70 years from the end of the calendar year of the first authorized publication of the work, or (ii) failing such authorized publication within 50 years from the creation of the work, not less than 70 years from the end of the calendar year of the creation of the work". Also see US-Morocco FTA, Article 15.1 (5), the US-Bahrain FTA, Article 14.4 (4) and US-Australia FTA, Article 17.4 (4).

⁹⁶ TRIPS Agreement, Article 12.

⁹⁷ TRIPS Agreement, Article 33.

⁹⁸ The EU-Macedonia FTA signed on 19 June 2000, Annex V, Article 3 state "adequate and effective patent protection for inventions in all field of technology on a level similar to that in the European Patent Convention 5 October 1973, as well as, before 1 January 2002, additional protection of up to five years for pharmaceutical and plant protection products".

⁹⁹ TRIPS, Agreement Article 26.3.

¹⁰⁰ EU-Morocco FTA signed 19 June 1999, Annex 5, Article 3.1 states "the states parties to this agreement shall ensure in their national laws at least the following: [-adequate and effective protection of industrial designs by providing in particular a period of protection of five years from the date of application with a possibility of renewal for two consecutive periods of five years'.

Examples for pressure to forego privileges related to the transition periods under the WTO can also be clearly manifested under several FTAs including the US-Chile FTA¹⁰¹ and the EU-Jordan Association Agreement in which Chile and Jordan respectively were required to implement shorter periods of transition regarding the protection of patents.¹⁰²

Third, a 'TRIPS-plus' arrangement may oblige countries to join a specific international agreement or treaty related to a specific field of IPRs that is not a part of the TRIPS Agreement. This is clearly demonstrated by the requirement under the US-Jordan FTA and the EU-Jordan Association Agreement requiring Jordan's submission to a number of agreements and treaties such as the WIPO's 'Internet Treaties'.¹⁰³ Also there is the requirement of Jordan submitting to the International Convention for the Protection of New Varieties of Plants (UPOV Convention)¹⁰⁴ and the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks 1999.¹⁰⁵ Similar provisions can also be found in several other FTAs as well.¹⁰⁶

Fourth, TRIPS strength lies in its extensive provisions related to enforcement. Accordingly, any bilateral agreement that modifies and adds to such measures and procedures will result in a 'TRIPS-plus' effect. A clear model of this is the US-Jordan FTA that obligates Jordan to raise its criminal penalties to JDs 6000¹⁰⁷ for copyrights

¹⁰¹ US-Chile FTA, Article 17.12 (1) states "Except as otherwise provided in this Chapter, each Party shall give effect to the provisions of this Chapter upon the date of entry into force of this Agreement".

¹⁰² The case of US pressure against Argentina is also often referred to in which Argentina was subject to US trade sanctions during its transition period for not applying protection initially to patents. For more see Czub, Kimberly (2001) "Argentina's Standard of Intellectual Property Protection: A Case Study of the Underlying Conflicts between Developing Countries, TRIPS Standards and the US" 33 Case Western Reserve Journal of International Law 2, 191-232. Also see EU-Jordan Association Agreement, Annex VII, Article 3 state "Jordan undertakes to provide for adequate and effective protection of patents for chemicals and pharmaceuticals in line with Articles 27 to 34 of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights, by the end of the third year from the entry into force of this Agreement or from its accession to the WTO, whichever is the earliest".

¹⁰³ These include the WIPO Copyright Treaty 1996 and the WIPO Performances and Phonograms Treaty 1996.

¹⁰⁴ Joining the UPOV Agreement is a TRIPS-Plus condition because it's a system for protecting plant breeder's rights in new and distinctive plant varieties which is not mentioned in TRIPS. Rather TRIPS allows members to develop *sui generis* protection systems for plants which could be less restrictive than UPOV on the member states.

¹⁰⁵ See Article 4.1 (1-2) US-Jordan FTA and Annex VII of the EU-Jordan Association Agreement, Article 1.

¹⁰⁶ For example see the US-Chile FTA, Article 17.1 (2-4), US-Singapore FTA, Article 16.1 (2), US-Morocco FTA, Article 15.1 (2-3), US-Australia FTA (signed May 18 2004) Article 17.1 (2 and 4), US-Bahrain FTA, Article 14.1 (2) and the EU-Egypt Association Agreement, Annex VI.

¹⁰⁷ Approximately \$9000 US.

and trademark counterfeiting and piracy.¹⁰⁸ The US-Jordan FTA also provides that, in the event of copyright piracy and trademark counterfeiting, authorities may initiate criminal actions and border measures without the need for formal complaint.

Fifth, the requirement of several bilateral trade and investment agreements for countries to adhere and implement “the highest international standards” of protection for IPRs also makes such agreements subject to the ‘TRIPS-plus’ criteria.¹⁰⁹ Albeit such standards are not defined precisely under such bilateral arrangements, some suggest that such standards are being included to pave the way for the subsequent conclusion of a multilateral investment treaty based on the already concluded bilateral investment treaties. Therefore, the effect of such provisions may not be felt initially but is most likely to be felt subsequently in relation to variant issues related to investment and FDI in the near future.

Sixth, the imposition of an alternative dispute settlement procedures under such FTAs other than that of the WTO is also considered as a ‘TRIPS-plus’ clause. In a number of FTAs, new dispute settlement procedures are being proposed¹¹⁰ to solve disputes arising from the implementation and interpretation of such agreements.¹¹¹ Such agreements are often based upon a binding arbitration mechanism. Accordingly, by bypassing the WTO dispute settlement, such free trade and bilateral investment agreements (BITs) are increasingly weakening the multilateral dispute settlement framework and pressuring weaker states to adhere to a more sophisticated dispute settlement procedures (in which they have neither the resources nor the expertise to

¹⁰⁸ Memorandum of Understanding on Issues Related to the Protection of Intellectual Property Rights Under the Agreement between the US and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area, Article 3 states “with respect to Article 4.25 of the Agreement, Jordan shall raise its criminal penalties to JDs 6000, so as to meet its obligation to ensure that statutory maximum fines are sufficiently high to deter future acts of infringement”.

¹⁰⁹ See the Euro-Tunisia Partnership Agreement of 1998; Annex 7, and the EU-Mexico Agreement of 2000, Title IV, Article 36.2 and 36.4.

¹¹⁰ Such as the International Centre for the Settlement of Investment Disputes (ICSID), the International Chamber of Commerce and the UN Commission on International Trade Law (UNCITRAL). The president of the ICSID is the president of the World Bank. Within the ICSID, arbitral tribunals are created to solve controversies between multinational corporations and states that adhere to its discretion. When states do so, this jurisdiction to resolve conflicts on an equal footing with private corporations, renounce to a fundamental prerogative of sovereignty; the territorial jurisdiction of their tribunals. The adherence to such ‘discretionary tribunals’ which operate outside the auspices of the WTO has been growing through bilateral trade and investment agreements.

¹¹¹ See US-Jordan FTA, Article 17 (2-4), also US-Chile FTA, Article 22 (1-6) and US-Morocco FTA, Article 20. (1-7).

compete against the developed countries) thus leaving such states with more restricted options regarding the implementation of such agreements.

Seventh, as far as the protection of trademarks is concerned, one can spot the emergence of several 'TRIPS-plus' provisions in this regard. However, those were dealt with elsewhere in this thesis.¹¹²

As demonstrated, the incorporation of TRIPS-plus provisions (hence strengthening the protection of IPRs) into regional and bilateral agreements carries with it great dangers and negative effects as far as the member developing countries are concerned. The acceleration of implementing the TRIPS Agreement without resorting to its safeguards and transition periods, the focus on protecting IPRs without paying attention to other related factors such as technology transfer, public health and innovation enhancement, in addition to the non-transparent and undemocratic manner in which such agreements are being negotiated and concluded,¹¹³ will only cripple the developing countries' efforts of pulling themselves from poverty and will hamper the efforts of creating a suitable and realistic environment for the protection of IPRs globally. It will also weaken their bargaining powers under the multilateral framework and limit their implementation choices. Indeed, for developing countries to avoid the trap of these regional and bilateral trade agreements, they must seriously take into account the latest warnings of a number of independent reports including the 2002 Report of the IPR Commission which warns these countries from concluding further regional and bilateral agreements that include provisions of TRIPS-plus nature.¹¹⁴

¹¹² See chapter 2.

¹¹³ For example during the US-Chile FTA negotiations, the US and Chile governments only made public succinct summaries of FTA before signing the agreement. Moreover, the US-Bahrain FTA was also negotiated behind closed doors and was concluded in record time of five months. See Price, David (2004) "The US-Bahrain Free Trade Agreement and Intellectual Property Rights" 7 *The Journal of World Intellectual Property* 6, 829-850, at 829. Another example is the Free Trade Area of the Americas (FTAA) which was criticised by the IP Justice Report, an NGO by stating that "Although official talks on the substance of the treaty began in 1994 in secret meetings, no draft of its text was released to the public for consideration until November 2002 – eight years after talks began in the US. Since it was created in secret, there is no way to identify who or what country originally inserted clauses into the draft treaty. Nor is there a requirement that all the treaty's sections be agreed to by a consensus of countries participating". See IP Justice Report from the FTAA Trade Ministerial Meeting in Miami "Bush Bullies Foreign Trade Ministers and US Protesters". IP Justice Executive Director Robin D. Gross, Esq. Published November 21, 2003, at 4. Available at www.ipjustice.org.

¹¹⁴ The Report concludes that "higher IP standards should not be pressed on developing countries without a serious and objective assessment of their development impact" see the IPRs Commission Report, Supra 87, at 1, and UN Development Fund, Supra 87. Independent researches also warned from the negative impact of such efforts, for example Vivas-Eugei states that "Developing countries are

3.4 Forms of Bilateral Agreements

Increasingly, bilateral trade agreements are covering various issues ranging from investment, trade, labour, services and IPRs. However, they are referred to as bilateral agreements because they are concluded either between two states or two trading blocks such as the EU and NAFTA. One may divide such agreements into two categories; the first is country or region specific bilateral agreements, the second is subject specific bilateral and cooperation agreements. However, such agreements often take the shape of one of the following:¹¹⁵

3.4.1 Regional or Country-Specific Bilateral Agreements

This type of agreement is comprehensive and covers various issues related to trade, environment and investment in addition to the regulation of IPRs. It often targets selected countries as partners for a various number of reasons. Thus, such agreements are often justified upon economic, political, geographical or social justifications. Accordingly, such agreements may take one of the following three models:

A. Bilateral (Preferential) Free Trade Agreements (FTAs)

Some estimate that there are currently 130 effective agreements of this type in the world. The importance of such types of agreement grew tremendously, especially during the last decade in which most of these agreements were concluded. This is manifested by the fact that more than 75 percent of world trade passes through the jurisdiction of such agreements. Examples of such agreement include the EU-Jordan Association Agreement, the EU Morocco Association Agreement, the US-Jordan FTA, the US-Singapore FTA and the US-Australia FTA.¹¹⁶

recommended not to negotiate on IPRs at the regional and bilateral level but to keep these negotiations in the multilateral level where more balanced results can be obtained". Vivas-Eugui, Supra 87, at 2.

¹¹⁵ GRAIN recognised some types for this, see GRAIN, Supra 88.

¹¹⁶ US-Australia FTA concluded on 17 May 2004.

Most bilateral FTAs incorporate special chapters that have extensive provisions dealing with issues related to investment, trade, tariff reduction, labour and the environment. In addition, such type of agreements often incorporate very detailed sections related to the protection of IPRs that aim towards upgrading and strengthening the levels of such protection to at-least the level of protection required under the international standards. As discussed earlier, some FTAs even go further in providing their own independent enforcement measures and dispute settlement procedures.

The dangers emanating from such FTAs is that they often operate outside the framework of the WTO. Although they are notified to the WTO's Secretariat,¹¹⁷ the WTO has no power to interfere, monitor or amend the provisions of such agreements. In recent years, they were subject to cogent criticism as a result of their role in undermining the world multilateral system. As noted earlier, they are progressively being used more and more as tools to incorporate 'TRIPS-plus' recipe especially by the United States and European Union.

B. Bilateral Investment Treaties (BITs)

There are about 2181 bilateral investment treaties currently in force mostly between developed and developing countries.¹¹⁸ Such treaties regulate a wide range of matters related mainly to investment. An example of this is the US-Bahrain Bilateral Investment Treaty, the 1997 US-Jordan Bilateral Investment Treaty and the US-Jamaica Bilateral Investment Treaty.

¹¹⁷ By virtue of Article 63.2 of the TRIPS Agreement.

¹¹⁸ UNCTAD (2003) *World Investment Report 2003: FDI Policies for Development: National and International Perspectives*. United Nations, New York & Geneva. Also see UNCTAD "Bilateral Investment Treaties 1959-1999". UNCTAD/ITE/IIA/2, Internet Edition, United Nations, Geneva, 2000. Available at <http://www.unctad.org/en/docs/poiteiid2.en.pdf>. (Last visited September 2005). The Report also states that "the number of treaties quintupled during the decades, rising from 385 at the end of 1980s to 1857 at the end of 1990s". At III. Also see Bernardini, Piero (2001) "Investment Protection Under bilateral Investment Treaties and Investment Contracts" 2 *The Journal of World Investment and Trade* 2, 235-248.

The United States has also been using such a model of treaties extensively during the last two decades.¹¹⁹ This came at a time during the 1980s when the United States linked its Bilateral Investment Treaty Program to the goal of enhancing the protection of IPRs worldwide by including IPRs as an investment-related issue. As a result, by 1987, the US signed 11 BITs mainly with developing countries.¹²⁰

From the forgoing paragraphs, increasingly, IPRs are included within the definition of investment¹²¹ and therefore one can see that such protection awarded under such BITs through the requirement that countries must provide IPRs protection in accordance with the “highest international standards” in a “fair and equitable” manner without any further elaboration on what is meant by such ‘standards’.¹²² Although, historically, the “fair and equitable standards” were considered to have been breached when a state’s behaviour was of an “egregious and shocking nature”, in recent times it has been applied to other conducts even if committed with good faith by any state.¹²³ Such a loose and broad reference may create a lot of complications and hitches especially for the weaker developing countries which are members to such agreements thus resulting in the ‘TRIPS-plus’ recipe.

Moreover, from a practical standpoint, when one refers to the ‘highest international standards’ of protection, it is presumed that such a concept may include any standards adopted under an international instrument. As Correa argues, “this would, however, impose too broad obligations on the concerned countries. ‘International’ may reasonably be understood as covering multilateral and not merely bilateral or regional,

¹¹⁹ Vandevelde, Kenneth (1992-1993) “The U.S Bilateral Investment Treaties: The Second Wave” 14 Michigan Journal of International Law, 621-704.

¹²⁰ Drahos, Supra 86.

¹²¹ See Part II of the proposed Draft for the Multilateral Investment Agreement (MAI) Para 2 define “Investment means” : (a) every kind of asset owned or controlled directly [or indirectly,] by an investor, including: ... (VI) Intellectual property rights. Moreover, some investment agreements generally refer to IPRs, while others explicitly indicate the types of IPR covered. For instance, the BIT between USA and El Salvador (1999) specifies that “investment” includes: “copyrights and related rights, patents, rights in plant varieties” Article 1(d).

¹²² For example, the US-El-Salvador BIT signed in 1999 provides in Article II.3 (a) that “each party shall at all times accord to covered investments *fair and equitable treatment* and full protection and security, and shall in no case accord treatment less favourable than that required by international law”. (Emphasis added).

¹²³ See Cosbey, Aaron, Mann, Howard, Peterson, Luke and Von Moltke, Konard (2004) “Investment and Sustainable Development: A Guide to the Use and potential International Investment Agreements” IISD, Winnipeg.

agreements that were in force at the time such an obligation was accepted”.¹²⁴ Moreover, it is interesting to note that such ‘international standards’ do not currently exist in that sense in relation to IPRs protection as an investment issue, hence engulfing such bilateral arrangements with higher levels of vagueness and inconsistency.

Therefore, further dangers in interpreting such use of terminology under such BITs lies in the fact that such agreements operate outside the auspices of the WTO (thus its parties are not bound to implement TRIPS standards anyway) which means that eventually the laws and standards of the more advanced country to the agreement will be implemented and enforced as the yardstick standards of protection.

C. Cooperation, Partnership and Association Trade Agreements

Although this type of agreement is often related to aid and development, increasingly such agreements are obligating member parties to upgrade and incorporate higher levels of IPRs protection within their national legislations.¹²⁵ The EU signed a number of such agreements and advocates such type of agreements which also focus on market reforms, human rights, democracy, investment and protection of IPRs.

Such agreements are also considered as a source for the ‘TRIPS-plus’ recipe. In 2001, GRAIN¹²⁶ issued a report which suggested that “The EU Partnership Arrangements either completed or under negotiation under the Barcelona Process (to establish a Common Mediterranean Market), with Bangladesh or with Mexico are all geared toward trade liberalisation and include TRIPS-plus”. This can be viewed in accordance with a vast number of partnership and association agreements in which the EU requires member states to forgo certain transitional periods and oblige them to

¹²⁴ Correa, Carlos (2004) “Bilateral Investment Agreements: Agents of New Global Standards for the Protection of Intellectual Property Rights?” Paper presented to GRAIN. Available at <http://www.grain.org/briefings/?id=186>. (Last visited June 2005).

¹²⁵ See EU-Jordan Association Agreement, EU-Egypt Association Agreement, and the EU-Tunisia Association Agreement.

¹²⁶ GRAIN is an international non-governmental organisation which promotes the sustainable management and use of agricultural biodiversity based on people’s control over genetic resources and local knowledge. For more see www.grain.org.

secede to a number of international agreements related to the protection of IPRs outside TRIPS obligations.¹²⁷

3.4.2 Subject-Specific Bilateral Treaties and Agreements

This type of agreements often deals with a specific activity or a certain kind of cooperative arrangement between its parties. It may also deal solely with a certain specific type of regulation such as the protection of IPRs. Accordingly, such agreements may take one of the following two models:

A. Bilateral Science and R&D Cooperation Agreements

The number of such agreements greatly rose during the last decade. Some estimate that the United States alone has over 800 bilateral agreements of this type in force with over 60 countries.¹²⁸

Such agreements are very important in essence they often deal with the activities related to research and development of foreign corporations around the world. Some of these agreements also deal with projects related to the environment and environmental technologies, marine research, geo-sciences and material sciences. Examples of such treaties include the US-Korea Agreement on Science and technology¹²⁹ and the Canada-Germany Bilateral Agreement on Cooperation in Science and Technology signed in 1971.

Controversy surrounds such types of agreement especially regarding the issue arising of the ownership of the rights. Under such agreements, a protocol to enhance the

¹²⁷ See GRAIN, Supra 88, at Annex. See the EU-Egypt Association Agreement, Annex VI and the EU-Morocco Association Agreement, signed 18 March 2000, Annex 7, Article 1.

¹²⁸ The survey concludes that the US developed several protocol models for the protection of IPRs under such agreements in line with each country's development levels of IPRs. It states that "At present, the US still uses the 1990 model text in its Bilateral S&T Agreement with countries that have "inadequate" IPR laws. Countries whose patents laws are more in line with US preferences are subject to a revised 2000 Protocol which is more flexible". See GRAIN, Supra 88.

¹²⁹ Signed in 1976 and amended in 1993 and 1999 with new provisions for the regulation of IPRs. GRAIN, Ibid.

protection of IPRs is often enclosed which requires parties of such agreements to provide protection for IPRs under their domestic legislations; hence if a party fails to do so, the other party will solely enjoy the benefits of the rights arising from the project without any consideration for the other one.¹³⁰ A good example of disputes related to this type of agreement is the US-India Dispute over the development of vaccine drugs which lasted between 1987 and 1992.¹³¹

B. Bilateral Intellectual Property Agreements

This type of agreement is specific to the protection and enforcement of IPRs. It may require its members to enhance the protection of all or a particular branch of IPRs further than what is required under the existing international agreements. Such agreements may also require their members to accede to an international intellectual property agreement(s) hence resulting in TRIPS-plus effect.¹³²

Such agreements are often accompanied with the promise of aid, funds and technical assistance from the more advanced and developed country in exchange for the enhanced IPRs protection. They often target and deal with a specific problem, like the counterfeiting of sound recordings or piracy of software products.¹³³ Examples of such agreements include the US-Bulgaria Understanding on IPRs,¹³⁴ the US-Nicaragua Bilateral Intellectual Property Rights Agreement¹³⁵ and the US-China Bilateral Intellectual Property Treaty.¹³⁶

¹³⁰ For example, the Indo-US Science and Technology Forum Agreement, Article VII state "(1) Activities under this Agreement shall be subject to the laws and regulations in each country and the availability of funds. (2). Nothing in this Agreement shall be construed to prejudice other arrangements for cooperation between the two countries. The Parties shall use their best efforts to ensure compatibility between the operation of this Agreement and other such Agreements. The Forum shall neither sponsor, nor permit under its auspices, any activity that would be proscribed by either Party's national laws or regulations".

¹³¹ GRAIN, Supra 88, at Annex.

¹³² The US-Bulgaria Intellectual Property Agreement stipulates in Article 1 "The Republic of Bulgaria will, on a priority basis, accede to the Geneva Convention for the Protection of Producers of Phonograms against unauthorized duplication of their phonograms (1971)".

¹³³ See the US-Vietnam Copyrights Agreement 1997.

¹³⁴ Concluded in 1995 in which consequently Bulgaria undertook certain obligations regarding the protection of intellectual property rights and in particular copyrights. In addition, Bulgaria acceded to the Geneva Phonograms Convention as required under the understanding.

¹³⁵ Concluded on December 16, 1997. The Agreement committed Nicaragua to adopt a modern legal and enforcement regime that will promote effective protection of IPRs. Moreover, This Agreement

Developed countries including the US and the EU have been active in pursuing this type of agreement. They often target poorer countries that do not have adequate protection of IPRs or countries that are weak on enforcement and implementation matters.¹³⁷

4. Comparison Between Ancient and Modern Bilateral Trade Agreements

When comparing ancient and modern bilateral trade agreements, one must take into consideration the environment and general conditions within which such agreements transpired. However, a few differences can be pointed out between such ancient and modern bilateral arrangements:

First, as previously explained, the earliest ancient bilateral agreements relating the protection of IPRs dates back to the second half of the 19th Century. At the time, the world's 'balance of power' was spread between a number of states and empires including those of the British, French and the Austrian-Hungarian Empires. Consequently, such bilateral arrangements and agreements flourished in a more balanced environment in which the balance of power was more equally distributed between the members of such agreements. However, today's bilateral agreements are increasingly being concluded between the stronger industrialised countries and the weaker developing countries rather than between the developed countries themselves, as was the case previously.¹³⁸

obligates Nicaragua to provide a higher level of protection than the WTO/TRIPS Agreement, and it must be implemented with 18 months, ahead of the time that Nicaragua would otherwise be required to implement TRIPS alone. For more see Article 2 of the Agreement or visit http://www.iipa.com/rbc/1998/rbc_nicaragua_301_98.html. (Last visited January 2003).

¹³⁶ 1995 and 1996 Bilateral IPR Agreements between the US and China.

¹³⁷ For more see Frederic-Morin, Jean (2003) "Moving Forward from Cancun: the Global Governance of Trade, Environment and Sustainable Development; The Bilateral IP Agreements" Paper presented at the International Conference, Institute for International and European Environmental Policy. At <http://www.ecologic-events.de/Cat-E/en/documents/morin.pdf>. (Last visited June 2005).

¹³⁸ As Morin quips "Even though important differences remain among American and European Countries, only a few bilateral IP Agreements have been signed between them. IP Agreements rather usually associate technology exporting countries on one side and technology importing countries on the other". See Morin, Ibid.

Second, while stronger developed countries are more capable and equipped to negotiate and impose their will through such bilateral or regional agreements, weaker developing countries can be seen as powerless against the tide of such bilateral agreements especially when threatened with trade sanctions or suspension of aid. This is a dissimilar situation to that which existed during the second half of the Nineteenth Century, in which such agreements were mainly concluded between the developed countries themselves hence the threat of using that economic power to extract privileges was less effective and rarely used.

Third, while ancient bilateral treaties touched upon the regulation and protection of IPRs briefly through a limited number of provisions mainly relating to the implementation of the MFN and reciprocity principles, modern bilateral agreements provide detailed and extensive chapters dealing with the protection and enforcement of IPRs, trade and investment.

Fourth, ancient bilateral agreements rarely refer to any enforcement measures or dispute settlement procedures related to the protection of IPRs unlike modern bilateral agreements in which they are increasingly providing such a mechanism in a detailed and comprehensive manner. Moreover, ancient bilateral agreements dispute settlement procedures was confined only for state-to-state disputes. Increasingly, modern bilateral trade and investment agreements are opening the door for investor-state dispute procedures thus awarding foreign citizens the right to sue host states if their investment was endangered. The dangers for such a mechanism may be summarised by the following comment which suggests that “investor-state proceedings are not bound by precedents, are not necessarily obliged to be open to the public, or to publish final decisions. The decisions have only limited avenues for appeal and cannot be amended by the domestic legal system or a supreme court. The nature of the dispute resolution procedures can provide a great deal of leeway in how cases will be decided... [T]hey could encourage investors to pursue their case even if the merits are not all that strong”.¹³⁹

¹³⁹ Correa, Supra 124, at 17 citing Hallward-Driemeier, Mary (2003) “Do Bilateral Investment Treaties Attract FDI? Only a Bit...and they could Bite” World Bank, DECRG, Washington DC. Also see generally Verhoosel, Gaetan (2003) “The Use of Investor-State Arbitration Under Bilateral Investment Treaties to Seek Relief for Breaches of WTO Law” 6 Journal of International Economic Law 2, 493-506.

Fifth, increasingly modern bilateral agreements are discussing a wide range of issues including investment, trade, market access, environment, labour and IPRs. However, previous ancient bilateral agreements were often confined to trade and amity agreements with little reference to other issues.¹⁴⁰

Sixth, ancient bilateral initiatives were foreseen as means for creating a unified platform for global levels of IPRs protection thus little pressure was exerted on its member states to extract economic and political concessions. This as mentioned earlier was part of the 'foundation phase' main characteristics. However, in today's free trade era, modern bilateral trade and investment agreements are increasingly departing from the agreed multilateral levels of protection to a 'plus' model as a result of the 'competitive liberalisation' policies exercised by the industrialised countries.

5. TRIPS and the Future of the World Multilateral Intellectual Property Regime

Immediately after the collapse of Cancun Trade talks in 2003, Robert Zoellick the US Trade Representative declared that the US won't be deterred from pursuing its unilateral and bilateral trade agenda.¹⁴¹ In fact his classification of countries as 'can do' and 'won't do' cannot be seen as the beginning but rather the continuation of the United States' approach of bringing around its desired modifications and changes to the world multilateral trading agenda including the protection of IPRs through resorting to bilateral trade and investment agreements.

However, such a process is not unprecedented in the modern history of IPRs regulation and protection. Rather it follows a pattern of a number of policies representing a 'forum shift' to force the necessary changes to the multilateral framework through a policy of coercion and enforcement rather than a process of

¹⁴⁰ For a review of the United States earlier bilateral agreements see Walker, Herman (1957-1958) "Modern Treaties of Friendship, Commerce, and Navigation" 42 *Minnesota Law Review*, 805-824.

¹⁴¹ Zoellick, Robert "America will not wait for the won't-do countries" *Financial Times*, September 22, 2003, Monday London Edition 1 Pg. 23. Can also be found online at <http://www.ustr.gov>. (Last visited September 2004).

consensus building and democratic bargaining.¹⁴² In fact, bilateralism represents the third major wave of such a process which builds upon the first and second waves starting with shifting the discussion on IPRs from the ambit of the international conventions (Paris and Berne) to WIPO, and subsequently from WIPO to the umbrella of GATT and the WTO.

This policy of 'competitive liberalisation' as advocated by the United States and the European Union is undermining the world multilateral framework. The discriminatory nature of such agreements, coupled with the policy of rewarding allies for their political and international support¹⁴³ rather than their trade credentials is indeed creating more complexities for the world multilateral framework.¹⁴⁴

In addition, as a part of such policies, one may also clearly realise that the United States and the European Union are indulging in the process of modifying and amending issues which they deem necessary to change under the multilateral framework through bilateral means. The recent success of developing countries in blocking the adaptation of any further commitments or even discussing any of the 'new issues' under the WTO through their collective united stand and coalition against

¹⁴² Drahos explains "when developing countries were successful in veto coalition on intellectual property, that success triggered a strategy of forum shifting". He refers to the treaty on Integrated Circuits which was rejected in 1989 by the developing countries but its provisions were included in the TRIPS Agreement. See Drahos, *Supra* 49, at 780. Also Braithwaite and Drahos explain the strategies behind such a process. They state that "forum-shifting thus encompasses three kinds of strategies- moving an agenda from one organisation to another, abandoning an organisation and pursuing the same agenda in more than one organisation". See Braithwaite, John and Drahos, Peter (2000) *Global Business Regulation*. Cambridge University Press, 2000, Ch 24, at 564.

¹⁴³ A clear example of this is the US suspension of negotiations of an FTA with Egypt in response to Egypt's decision not to join the US in a WTO complaint against the EU ban on genetically modified food. A US official quipped about Egypt's decision "When you're given a direct commitment by a government and they do an about-face that has to have an effect in terms of who you do a free-trade agreement with". Edward, Alden "US beats Egypt with trade stick," *The Financial Times*, UK, Jun 29, 2003. Also see Kelagama and Mukherji, *Supra* 53, at 3864.

¹⁴⁴ One can realise that there are limited and underwhelming gains and benefits for the US from such Agreements, for example, US exports to Jordan (404\$m in 2002), as are the US shipments to Morocco (565\$m 2002 and Bahrain (419\$m last year). Sidney Weintraud quipped "An FTA in other words is not necessarily an agreement in which all parties benefit from trade expansion, but rather a favour to be bestowed based on support of US foreign policy". Weintraud, Sidney "The Politics of US Trade Policy" Wednesday 3 September 2003. <http://news.bbc.co.uk/1/hi/business/3169649.stm>. (Last visited April 2004). Moreover, Jackson remarks on this issue by stating that the US shifted to a "more pragmatic- some might say ad hoc approach- dealing with trading partners on bilateral basis, and rewarding friends". Jackson, John (1997) *The Trading System: Law and Policy of International Economic Relations*. London 2nd Eds, MIT Press, Cambridge, Mass, at 173. Also see Looney, Robert (2005) "U.S Middle East Economic Policy: Are Trade-Based Initiatives An Effective Tool in the War on Terrorism?" *Strategic Insights*, Center for Contemporary Conflict, Volume IV, Issue 1.

such matters led the United States to believe that any changes it needs to bring to the multilateral agenda must be achieved first through bilateralism and trade sanctions.

Additionally, it is coming to notice that every subsequent bilateral free trade and investment agreement is adding up more to the existing 'state of the art' literature in general and to the protection of IPRs in particular.¹⁴⁵ Moreover, each agreement is also being used as a standard model of negotiations with other countries thus resulting in a more enhanced 'TRIPS-plus' recipe globally.

Although the creation of the 'TRIPS-plus' effect may be attributed to the pressure exerted by the developed countries particularly the US and the EU upon weaker developing countries through bilateralism, also it would be important to attribute such an effect to the deficient nature of the TRIPS Agreement itself. In this regard, a few scholars suggested that¹⁴⁶ the TRIPS Agreement incorporates a number of vague, ambiguous and unpredictable provisions which may allow countries to deviate and interpret the agreement differently.¹⁴⁷

Accordingly, one can realise the creation of a systematic web of bilateral free trade and investment agreements through the use of trade sanctions and suspension of aid and foreign direct investment (FDI). Penetrating regional alliances is also part of this policy. As discussed earlier, the US now has in force at least one FTA or BIT within any regional and continental alliance which will enable her to access such markets and will facilitate her mission to create a future multilateral investment treaty based on the

¹⁴⁵ For example the US-Jordan FTA was the first trade agreement to incorporate provisions related to labour and environment. See US-Jordan FTA, Articles 5 and 6. Additionally, Gryndberg remarks on the US-Jordan FTA by stating "...and within the space of a few weeks of its completion it became a template to future free trade agreements". Gryndberg, Roman (2001) "The United States-Jordan Free Trade Agreement: A New Standard in North-South FTAs?" 2 The Journal of World Investment and Trade 1, 5-20, at 11. Moreover, the subsequent US-Singapore FTA was described as 'a state of the art' and 'the first of its kind' as a result of adding up more commitments to previous agreements. See Kang, Peter and Stone, Clark (2003) "IP, Trade and US/Singapore Relations: Significant Intellectual Property Provisions of the 2003 US-Singapore Free Trade Agreement" 6 The Journal of World Intellectual Property 5, 721-732, at 722.

¹⁴⁶ Shanker, Dania (2000) "Legitimacy and the TRIPS Agreement" 6 Journal of World Intellectual Property 1, 155-189. Also see Reichman, Jerome (2000) "The TRIPS Agreement Comes of Age: Conflict or Cooperation with the Developing Countries?" 32 Case Western Reserve Journal of International Law 3, 441-470.

¹⁴⁷ For example, Article 33 of TRIPS permits unlimited protection period when it says "the term of protection available shall not end before the expiration of a period of 20 years from the filing date". Such a provision in reality does not provide a fixed term of protection and therefore allows member states to adopt and incorporate their own vision which may vary from one country to another.

previous MAI model. Hence, one can anticipate that the real dangers of such a web of treaties is yet to be fully recognised in the near future after the completion of the current bilateral negotiations attempts led by the US and the EU.

Moreover, this penetration of such regional economic alliances will eventually have a negative effect on free trade and cooperation between these countries. The reason for this may be attributed to the fact that once a member country who is part of a regional trading alliance, enters into a free trade or investment agreement with either the US or the EU, other countries which are also a part of the same regional alliance will face no choice but to follow suit by providing further levels of liberalisation and openness in order to become more competitive and attractive for investment. Hence, as far as the protection of IPRs is concerned, this will eventually result in a further 'TRIPS-Plus-Plus' effect.¹⁴⁸

Moreover, one must not neglect the fact that such bilateral trade and investment arrangements are time-specific, therefore, once a multilateral agreement is eventually achieved,¹⁴⁹ the US and the EU will be bound to liberalise and open-up their markets as a result of tariffs and quotas reduction on a non-discriminatory basis. On the other hand, the 'TRIPS-Plus' provisions achieved through these bilateral initiatives have no time limit and are likely to remain in force permanently thus diluting any temporary preferential benefits developing countries may obtain from such FTAs in the long term.

In opposing the tide of bilateralism, increasingly developing countries are resorting to their own process of 'forum shifting'. Although historically speaking developing countries were the main supporters and advocates of greater intervention for WIPO in regulating and developing the protection of IPRs globally, now they are calling for more efforts to circumvent and restrict WIPO's 'TRIPS-plus' initiatives in favour of a more stable system of protection which provides clear and firm standards of protection while at the same time pays more attention to the issues of national development and

¹⁴⁸ A recent example of this is the US-Bahrain FTA which was concluded in May 2004. As a result, the Arab Gulf Cooperation Council (AGCC) (which Bahrain is a part of) urged Bahrain to denounce its FTA with the US because of its negative effect on the future cooperation and development of the AGCC. See Khaleej Times "Bahrain defends right to sign FTA with US" 29 November 2004. For more on the US-Bahrain FTA see Price, *Supra*, 113.

¹⁴⁹ And by the same token if other FTAs are agreed upon with several other countries.

technology transfer.¹⁵⁰ In this regard, developing countries seem to realise the importance of favouring the TRIPS model with its multilateral connotations and affiliation rather than the bilateral and regional root models of IPRs protection.

Finally, in this regard, one must not neglect the important role of the non-governmental organisations (NGOs) and civil society groups and their efforts for advocating a fairer international regime for the protection of IPRs worldwide. As Stiglitz remarks “NGOs play a more important role than they did a half century ago, and the internet has strengthened civil society, not only in the United States but around the world”.¹⁵¹ Their efforts have been relentless in raising the issue of the impact that intellectual property rights has over vital national issues such as health, development, food and agriculture. As notably stated, “NGOs, after states and business, have become a third force in the global politics of intellectual property rights”.¹⁵²

¹⁵⁰ Attacks against WIPO's efforts have increased in recent years. WIPO's main focus on the protection of IPRs solely without taking into consideration the related social and economic costs of such protection in developing countries has been questioned. In effect, some observe that WIPO's approach has been affected by its willingness to appease the United States and other developed countries in order to remain within paradigms of the decision making process as far as the protection of IPRs is concerned. Musungu and Dufeild remarks in this regard that WIPO “must show to the USA and its industry that it can deliver new standards faster and more efficiently. This reasoning underlies WIPO's TRIPS-plus agenda”. See Musungu, Sisule and Dufield, Graham (2003) “Multilateral Agreements and a TRIPS-Plus World: The World Intellectual Property Organisation (WIPO)” 10 WIPO, TRIPS Issue Papers, Quaker UN Office QUNO, Geneva, at 11. Moreover, others relate such conduct to its establishment phase in which they conclude that “The shift from WIPO to GATT to TRIPS was not intended to eclipse WIPO. Rather, it established a new venue for trade-related IP lawmaking, in effect creating a bimodal IP regime within which the two organisations shared authority according to their respective areas of expertise”. See Helfer, *Supra* 84, at 25. Also see generally GRAIN “Pressure Mounting at WIPO and WTO” 28 September 2004, at <http://www.grain.org/bio-ipr/?id=415> (Last visited July 2005), and Boyle, James (2004) “A Manifesto on WIPO and the Future of Intellectual Property” 9 *Duke Law and Technology Journal*, 1-12.

¹⁵¹ Stiglitz, Joseph (2003) *The Roaring Nineties: Why Are We Paying the Price for the Greediest Decade in History*. London, Penguin Books, at 301. On the role and efforts by NGOs advocating more extensive levels of IPRs protection see Menescal, Andrea (2005) “Those Behind the TRIPS Agreement: The Influence of the ICC and the AIPPI on International Intellectual Property Decisions” 2 *Intellectual Property Quarterly*, 155-182.

¹⁵² Commission on Intellectual Property Rights, Drahos Peter (2002) “Developing Countries and International Intellectual Property Standard-Setting”. Report presented to the IPR Commission, Study Paper 8, at 29. For more on the role of NGOs see Charnovitz, Steve (1997) “Two Centuries of Participation: NGOs and International Governance” 18 *Michigan Journal of International Law* 2, 183-286. Also Otto, Dangolo (1996) “Nongovernmental Organisations in the United Nation's System: The Emerging Role of International Civil Society” 18 *Human Rights Quarterly* 1, 107-141.

- Conclusion

This chapter discussed the main provisions of the TRIPS Agreement with special regard to the provisions related to the protection of trademarks. The TRIPS Agreement has often been appraised for its detailed articles, its efficient dispute settlement procedure and enforcement measures approach.

By subjecting member states to the WTO Dispute Settlement Procedures, the TRIPS Agreement aimed towards creating an effective framework of multilateral IPRs protection regime. TRIPS under the WTO also became a more efficient tool in achieving what previous agreements and organisation failed to achieve: linking IPRs with trade issues. Therefore, one must not neglect the fact that the TRIPS Agreement was achieved as a part of a 'package deal' as a result of 'cross-bargaining' with other issues including the reduction of tariffs and market access.

In addition, one of the spectacular achievements of the TRIPS Agreement is the creation of a factual 'minimum standards' of protection. Unlike the Paris Convention, TRIPS provided a detailed and comprehensive framework of provisions dealing with the protection of all branches of IPRs.

Moreover, this chapter touched upon the definition of regional trade arrangements and bilateral trade agreements as far as the protection of IPRs protection is concerned. It also identified each type and the nature of such regional and bilateral arrangements and the correlation between IPRs provisions embedded within these arrangements and the principles of the TRIPS Agreement.

However, several developments are affecting the evolution and implementation of the TRIPS Agreement into the global arena. Recent regional and bilateral trade initiatives are increasingly rendering the TRIPS Agreement as 'ineffective' in the face of such initiatives. The push by the developed countries including the United States and the European Union to incorporate the TRIPS Agreement ahead of time and to incorporate more stringent obligations which go beyond the TRIPS Agreement requirements has resulted in the negative so-called 'TRIPS-plus' recipe.

This chapter derived and articulated a definition for the so-called TRIPS-plus effect. Based on a number of regional and bilateral trade arrangements, examples of provisions constituting TRIPS-plus provisions were referred to. Under 'TRIPS-plus', many countries (mostly developing) are being pushed to adapt provisions that are of a 'TRIPS-plus' nature in exchange for other privileges and trade agreements. Bilateral Free Trade Agreements, Bilateral Investment Agreements and the Trade Partnership Agreements are all examples of how a 'TRIPS-plus' recipe may be achieved.

This chapter gave a glimpse of the latest developments in the global arena in so far as the protection of IPRs is concerned. It concludes that there are grave dangers associated with the implementation of the TRIPS-plus formula for the developing countries.

Finally, such bilateral arrangements represent the third wave of shifting the debate from the WTO auspices to a more one-to-one arrangement. Bypassing the WTO Dispute Settlement Procedure and the operation of such trade deals outside the ambit of the WTO should be considered as an element of danger undermining not only the interests of the developing countries but also the entire world multilateral trading regime.

Chapter Five

The Development of the Jordanian Intellectual Property Rights Regime: Multilateralism Vs Bilateralism and the Implications for the Jordanian Trademark Regime

- Introduction

Early protection of IPRs in Jordan dates back to the second half of the 19th Century at the time when the country was still under Ottoman direct rule. Accordingly, the protection of patents and trademarks in Jordan could be traced back as far as 1887 when the Ottoman Patent and Trademark Law was implemented in the lands under direct Ottoman rule. In addition, copyright protection was also available in the country under the Ottoman Copyright Law of 1910. Indeed this is not to say that protection of IPRs in the Middle East was introduced by the Ottomans. However, some evidence suggests that some form of IPRs protection did exist previously in the region even before the emergence of Islam.¹

However, after the establishment of the Emirate of Transjordan and as a consequence of British Mandate over the country in 1921, most of the subsequent laws and

¹ The oldest reference to forms of IPRs protection in the Middle East is connected with the protection of copyrights. This however emerged in the pre-Islamic era and was evident in the protection of Arabic poetry in which poets used to acquire ownership of their works by 'public disclosure'. However, such protection was strengthened by the emergence of Islam and its practical applications. For example, as some historians cite, it was 'commonplace that the Islamic State would hire the services of certain scholars in order to write on various current topics of interest to the state. The state would effectively buy the work from these scholars, who would effectively forfeit all rights to their work'. Al Ksiwani, A'amer (1998) 'Intellectual Property' 32 El-Warrak Institute, Amman, Jordan, at 38. For more also see Khoury, Amir (2003) "Ancient and Islamic Sources of Intellectual Property Protection in the Middle East: A Focus on Trademarks" 43 IDEA- Journal of Law and Technology 2, 151-206. Also see Jamar, Steven (1992) "The Protection of Intellectual Property Under Islamic Law" 21 Capital University Law Review, 1079-1106, and Carroll, John (2000-2001) "Intellectual Property Rights in the Middle East: A Cultural Perspective" 11 Fordham Intellectual Property, Media and Entertainment Law Journal 3, 555-600.

legislations which were incorporated in the country echoed the laws and legislations of the British Empire. IPRs laws and legislations were no exception to this rule.²

In this regard, the first Jordanian Trademark Law was inaugurated in 1930. However, the following six decades after the inauguration of the 1930 Jordanian Trademark Law were of a subtle nature. Thus, the trademark protection regime was subjected to a limited number of modifications and amendments during this time, in which no major changes occurred. However, the situation remained the same until the second half of the 1990s where major and noticeable changes occurred as far as the protection of IPRs was concerned in the kingdom. Such changes were brought about as a result of Jordan's accession to the WTO and the country's subsequent bilateral trade agreements with the United States and the European Union.³

Few countries in Middle East and North Africa (MENA) region have gone as far as Jordan in opening up their economy and allying themselves with more powerful and advanced countries through a complex web of bilateral and multilateral trade and investment agreements.⁴ As the former American Ambassador to Jordan, William Burns, phrased it: "there is no country that is moving more quickly or more courageously...in the new global economy than Jordan".⁵ Thus, it's not surprising to see Jordan promoted as one of the leading countries in the Middle East as far as the protection of IPRs is concerned.

This chapter will discuss the historical development of IPRs protection in Jordan. However, special emphasis will be paid to the development and protection of trademarks in Jordan. The chapter will also review the major changes that occurred to

² Mallat explains that the bulk of commercial law in the Middle East 'reads for both practitioners and scholars as a direct transportation of European law' and that 'case law in the region is perceived as a direct translation of Western terminology'. See Mallat, Chibli (2000) "Commercial Law in the Middle East: Between Classical Transactions and Modern Business" 48 American Journal of Comparative Law 1, 81-141, at 81.

³ Agreement between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area, 24 October 2000 (hereinafter US-Jordan FTA).

⁴ Jordan was the first ever Arab state to conclude an FTA with the US in 2000. Although several Arab states including Bahrain and Morocco have subsequently concluded similar FTAs with the US, the US-Jordan FTA incorporated tougher provisions in certain areas such as limiting the use of compulsory licensing to emergency situations, anti-trust remedies, and cases of public non-commercial use.

⁵ Jordan Times 'US Ambassador Praises Kingdom's Progress, Reiterates Continued Support' Sep 30th 2000.

the Jordanian trademark regime as a result of Jordan's implementation of the TRIPS Agreement in 2000.

Furthermore, this chapter will also discuss Jordan's "TRIPS-plus" model and its implications as envisioned under the recent Bilateral Free Trade and Investment Agreement with the US and the Association Agreement with the EU.

1. Historical Background

Until the beginning of the First World War (WWI), Jordan was part of the Ottoman Empire. The end of the WWI and the subsequent collapse of the Ottoman Empire marked the beginning of a new era in the Middle East whereby Jordan was placed under British mandate as a result of the settlement deal between France and Great Britain.⁶

In 1921, the country was established as an emirate under Emir Abdullah I and acquired its first official name as the Emirate of TransJordan. Later, when the Emirate gained its political independence from Britain and became a Kingdom on March 25, 1946, King Abdullah I was proclaimed as the first king of the newly independent state.

In 1948, the country entered its first war against Israel. The war resulted in the establishment of the State of Israel in large parts of historical Palestine, while the rest of Palestine namely the West Bank came under the direct control of TransJordan. In 1950, the West Bank was officially unified with Transjordan establishing the Hashemite Kingdom of Jordan.⁷ In January 1951, King Abdullah was assassinated in Jerusalem. He was succeeded by his eldest son, King Talal who due to poor health

⁶ See Sykes-Picot Agreement, May 1916. On history of Jordan see Salibi, Kamal (1998) *The Modern History of Jordan*. London, I.B Tauris, also see Vartan, Amadouny, (1999) *Jordan*. Oxford, World Bibliographical Series, Clio Press, and Abu Odeh, Adnan (1999) *Jordanians, Palestinians and the Hashemite Kingdom in the Middle East Peace Process*. Washington DC, United States Institute of Peace Press.

⁷ [Hereinafter Jordan].

abdicated the throne to his eldest son, King Hussein who ruled the country until his death in 1999 in which he was succeeded by his eldest son King Abdullah II.

As a result of the 1948 war and the 1950 unification with the West Bank, Jordan's population witnessed a dramatic rise in numbers. The 1967 war not only caused Jordan to lose the West Bank, but also resulted in a new influx of refugees into the country. The period after the 1967 war was followed by an era of political instability and economic stagnation.⁸

The situation remained the same until 1989 when Jordan terminated all political and administrative ties with the West Bank paving the way for the beginning of the continuous peace process between Israel and the Arab countries. Accordingly, in 1994, Jordan signed the Oslo Peace Treaty with Israel ending the state of war between the two countries.⁹

1.1 Natural Resources

Jordan is a relatively small country covering an area of 35,500 square miles. It is bordered to the north by Syria, to the east by Iraq, to the south by Saudi Arabia, and to the west by Israel and Israeli occupied West Bank. Jordan has only one port on the Red Sea: Aqaba. Official population estimate in 2004 was 5.3 million.¹⁰

In general, the country is poor in natural resources, approximately 85% of the total area is desert, and only 5% is cultivated relying heavily on uneven and unpredictable annual rainfall.

⁸ For more see Salibi, *Supra* 6, Vartan, *Supra* 8, and El-Said, Hamed (1996) "Jordan: The Political Economy of Industrialisation in a Rentier Economy 1973-1989" a thesis submitted to the University of Manchester for the doctorate degree.

⁹ Treaty of Peace between the State of Israel and the Hashemite Kingdom of Jordan, October 26, 1994. In return for its efforts in the peace process, the United States extended its Qualifying Industrial Zones (QIZs) Initiative in 1995 to Jordan. This awarded Jordanian products originating in certain industrial zones and comprising of components originating from Jordan, West Bank and Israel free access to the US market. For more on QIZs see Singer, Joel (2002-2003) "The Qualifying Industrial Zones Initiative- A New Tool to Provide Economic Assistance to Middle Eastern Countries Engaged in the Peace Process" 26 *Fordham International Law Journal*, 547-571.

¹⁰ Department of Statistics, Jordan 2004. See www.dos.gov.jo.

The country's economy depends mainly on its phosphate industry and its tourism sector. Additionally, the country also depends on external economic aid to maintain and sustain its economic stability. In this regard, Jordan ranks as one of the top recipient countries of economic aid from the US in the region.¹¹

1.2 Legislative and Judicial Development

As seen earlier, TransJordan was never identified as a distinct entity from the Greater Syria region before Britain and France became the dominant powers in the region. Accordingly, while under the rule of the Ottoman Empire, Jordan was subjected to the provisions and rules of the Ottoman Constitution and regulations which were instituted in the region in 1876.

However, after placing Palestine and Jordan under British Mandate, the British authorities in Palestine proclaimed that the Ottoman Law enforced before 1914 should remain in force in Palestine unless repealed or amended. However, because of the subsequent legislative developments, the gradual erosion of the Ottoman law took place through replacement by modern legislations based solely on English law.¹²

Additionally, the common law and doctrines of equity which were in force in England were also made applicable to Palestine in all matters on which there was no specific legislation to deal with; subject to such modifications as were rendered necessary by the special requirements of Palestine and its inhabitants. This covers many

¹¹ According to the World Bank, the net official development assistance or aid (loans and grants) for all middle-income countries including Jordan amounts on average to .4 per cent of national income. World Bank (2003) "World Economic Indicators" Washington, at 340. In the case of Jordan, grants alone reached as high as 4.1 per cent of GDP in 2001/2002- ten times the average for a middle income country. Jordanian Ministry of Finance (April 2003) "Government Finance Bulletin", Vol 5, no 2, at 23. In 2003, external financial flows to Jordan increased to much higher levels as foreign aid surged, special from the US, to help the country cope with the economic consequences of war on Iraq. For more see International Crises Group Briefing (October 2003) "The Challenge of Political Reform: Jordanian Democratisation and Regional Instability". Amman/Brussels. Available at <http://www.crisisgroup.org/home/index.cfm?id=2313&l=1>. (Last visited September 2005).

¹² Modannam, Terry (1952) "Developments in the Legal System of Jordan" 6 *Middle East Journal* 2, 194-206. Also see Mallat, Supra 2, at 81.

commercial law areas such as companies, bankruptcy, labour, criminal and civil statutes, laws and procedures.¹³

In Jordan, on the other hand, English common law was not applicable nor was any of the above modern laws enacted. The old Ottoman commercial and criminal codes (the *Mejelle*) and the rules of procedure remained in force which resulted in wide differences and discrepancies between the Palestinian and Jordanian legal and judicial systems. Thus, when unification between Jordan and the West Bank took place in 1950, the laws and regulations which were implemented in Palestine remained in force unless they contradicted with the Jordanian defence regulations in which the Jordanian law would prevail. Subsequently, the need to harmonise and reform the two legal systems became a matter of urgency and priority for the emerging state hence the gradual harmonisation process.¹⁴

Jordan applies a civil law system that is based upon the French and Ottoman (*Al-Mejelle*) judicial regimes. Moreover, the Shari'a legal system is also applicable to religious affairs. However, the judiciary is administered by a three-tiered system represented by the Court of First Instance in civil and criminal areas, the Courts of Appeal and the Court of Cassation.

Jordan has undertaken significant economic reforms during the 1990s. For example, in 1995, a new Sales Tax Law was passed. This law expands the tax base and increases tax rates to provide government revenues which will be lost under recent trade liberalisation policies. Additionally, an Investment Promotion Law was passed in 1995 that provides incentives to domestic and foreign investors. This is necessary to encourage capital inflows into the capital-scarce economy for further industrialisation. Non-Jordanians are allowed to own 100 percent of businesses, with the exclusion of mining, trade services and construction. Investment in certain regions of the country will receive "tax holidays" over a specified period of time.

¹³ Modannam, *Ibid*.

¹⁴ The government announced a program for the unification of the laws of the kingdom and a committee was appointed to draft new laws for the whole of the kingdom. Accordingly a number of laws were enacted, however, in branches where no unified laws have been passed; each side of Jordan applied its own laws embodying different principles. Among the new laws were a criminal law and criminal procedures rules. For more see generally Modannan, *Ibid*.

Moreover, in 1997, the government passed the Securities Law, creating a regulatory body called the Jordan Securities and Exchange Commission. The Commission's goal is to increase transparency and to safeguard investors' rights. Other regulatory reforms were also undertaken in a number of fields aimed towards improving transparency, market efficiency and the overall business climate in Jordan.

2. The Protection of Intellectual Property Rights in Jordan

As mentioned, Jordan remained part of the Ottoman Empire until its fall in 1916, at which time it became a constituent of the Greater Syria region. Accordingly, the Ottoman laws were enforced and remained even after 1921, including those laws pertaining to the protection of IPRs. Following is a brief preview of the historical development of IPRs in Jordan.

2.1 Copyrights and Neighbouring Rights

Prior to Jordan's independence, the Ottoman Copyright Law¹⁵ was implemented and enforced in the country. However, the same law also remained in force after Jordan's independence for a long period of time. Although a number of Arab states inaugurated new copyrights laws and regulations after the fall of the Ottoman Empire,¹⁶ Jordan did not follow suit and kept the Ottoman Copyright Law in force until 1992, when a new Jordanian Copyright Law was inaugurated.¹⁷

Substantial changes occurred to the Jordanian copyright regime after the implementation of the 1992 Copyright Law. Thus, protection was provided for computer programs and neighbouring rights. New rules for compulsory licensing were issued, and tougher penalties against infringement were enforced.

¹⁵ Inaugurated in 1910 by the Ottoman Empire.

¹⁶ For example, Morocco inaugurated a new Copyright Law in 1915 and Lebanon in 1925.

¹⁷ 1992 Jordan Copyright Law, number 22.

However, after the emergence of the WTO in 1995, Jordan modified its copyright law four times to bring it into conformity with the international standards of protection¹⁸ and to facilitate its accession efforts to the WTO.

2.2 Industrial Property (Trademarks and Patents)

Prior to independence, the Ottoman Patent and Trademark Law were enforced in Jordan.¹⁹ However, these laws echoed the Paris Convention provisions regarding the protection of industrial property rights to which the Ottoman Empire was party to at the time.

However, after the collapse of the Ottoman Empire and Jordan's placement under British Mandate, new laws related to the protection of industrial property were introduced. Accordingly, the first trademark legislation was introduced to the Emirate of Transjordan in 1930.²⁰ However, in 1938 the Palestinian Trademark Law was issued, which was named as the 'Trademark Law Number 35' of the year 1938 by the British authorities. As a result, the British authorities authorised the implementation of this law in the lands which were under its protection; which also included Jordan at the time.

After the independence of Jordan in 1946, serious attempts to modify and upgrade the laws of the country were undertaken. Thus, the 1950s witnessed the introduction of a number of laws and regulations in all aspects including IPRs. Thus, in 1952, a new Trademark Law was implemented in Jordan. It was also supported by the 1953 Goods Merchandise Law that remains in force until the present day.

The field of patent and industrial design protection was also subject to the Ottoman Laws until 1924 when the Palestinian Patent Law was inaugurated under the British Mandate. However, in 1953 this law was replaced by the 1953 Jordanian Patent and

¹⁸ Modified in 1998, 1999, 2003 and 2004.

¹⁹ Inaugurated in 1887.

²⁰ 1930 Trademark Law published in the edition number 254 of the Official Gazette.

Industrial Design Law which remained in force until 1999 when a thorough reorganisation occurred to the Jordanian IPRs regime.²¹

However, one can conclude that as far as the protection of IPRs in Jordan is concerned, the 1990s would be judged as the most active and important era for the regulation and development of its regime that the country has ever witnessed.

The emergence of the WTO in 1995, and the need for smaller countries to be part of the multilateral trading framework, prompted Jordan's active reform of its IPRs regime. Accordingly, in 2000, and with notable speed, important, if not dramatic changes occurred in Jordan's IPRs legislations.²²

To exemplify the situation, one only needs to look at Jordan's pre-1999 IPRs legislations to analyse such a dramatic change. These regulations were largely inconsistent with the WTO and the TRIPS Agreement requirements thus were of a 'TRIPS-Minus' nature. One observer summarised Jordan's pre-TRIPS status in the following manner: "If WTO can be viewed as 100%, then current patent protection in Jordan stands at 70%, current trade mark protection in Jordan stands at 80%, current trade secret protection in Jordan stands at 60%...and current copyright protection at 20%".²³

However, on the international sphere, Jordan became a member of the Paris Convention in 1972. It also ratified the Berne Convention in 1999. In addition, Jordan ratified the WIPO Internet Treaties²⁴ and also joined the International Convention for the Protection of New Varieties of Plants in 2004.²⁵

²¹ For more see Arab, Yones "The Historical Development of Intellectual Property Rights in Jordan" www.arablaws.com. (Last visited August 2004).

²² New regulations were incorporated for the first time as well in Jordan, such as the Industrial Design Law Number 14 of 2000, the Unfair Competition and Trade Secrets Law Number 15 of 2000, the Geographical Indications Law Number 28 of 2000, the Integrated Circuits Law Number 10 of 2000, and the Plant Varieties Law Number 24 of 2000.

²³ Lockett, Clark (1996) "Intellectual Property Rights Reform in the Middle East" 2 Middle East Commercial Law Review 3, 74-82, at 75.

²⁴ WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT).

²⁵ Hereinafter the UPOV Convention.

3. Jordan's Journey to the TRIPS Agreement

In April 2000, Jordan became the 136th member of the World Trade Organisation. In order to qualify for the organisation's membership, Jordan undertook a number of measures aimed at complying with the requirements of such accession. Such measures included upgrading the country's IPRs laws and undertaking several steps related to economic and political reform and liberalisation.

Jordan was in an unenviable financial position in the early 1990s. The country was in desperate need of finance following its financial crisis in 1989 and having been cut off in aid and financial assistance from the US and Arab oil rich states following the 1990-91 Gulf war. Saddled with high level of foreign debt, deep recession, rising unemployment and worsening poverty, 'budget security' considerations caused a major shift in Jordan's foreign policy.²⁶ In 1994 it signed an individual peace treaty with Israel that carried the promise of large 'peace dividends'.²⁷ The 1994 Barcelona Conference, with its key objective of creating a free trade area in industrial goods between the EU and 12 Mediterranean countries by the year 2010, later modified to 2012, offered Jordan a good opportunity to restore access to European capital. In 1997, Jordan signed an Association Agreement (AA) with the EU.²⁸

In 1999, a new and young regime took over in Jordan, following the death of King Hussein in February of that year. Having failed to persuade major donors and creditors to provide sufficient debt forgiveness for the country's inherited large foreign debts,

²⁶ Brand, Laurie (1994) *Jordan's Inter-Arab Relations: The Political Economy of Alliance Making*. New York: Colombia University Press.

²⁷ On Jordan-Israel peace see Plotkin, Lori (1997) *Israel-Jordan Peace: Taking Stock 1994-1997*. Washington Institute for Near East Policy. Also see Moore, John (1991) *The Arab-Israeli Conflict: Volume IV: The Difficult Search for Peace (1975-1988)*, Part One and Part Two (ed.) Princeton University Press, at 77.

²⁸ The Euro-Mediterranean Partnership is based on the 1995 Barcelona Declaration's objective of establishing a free-trade area by 2010 (modified to 2012) between the EU (which itself is a customs union with 15 Member States) and 12 Mediterranean Partners. Under the partnership there are: Association Agreements (Tunisia, Israel, Jordan, Morocco, and an Interim Association Agreement with the Palestinian Authority), Co-operation Agreements (Algeria, Egypt, Lebanon, Syria), and First-Generation Association Agreements (Cyprus, Malta, Turkey). The Agreements cover such issues as suitable measures regarding rules of origin, certification, protection of intellectual and industrial property rights and competition, among others. The specific provisions of the Euro-Mediterranean Partnership and Association Agreements vary somewhat depending on the partner. For more details see <http://europa.eu.int>.

the new regime had no choice but to continue with painful economic reforms. These started in the early 1990s under the auspices of the international institutions, particularly the International Monetary Fund (IMF) and World Bank, in return for debt rescheduling, economic and military assistance. This included the acceleration of trade liberalisation, financial deregulation, privatisation of public sector enterprises, new law to facilitate and encourage foreign investment and increased levels of IPRs protection. In 2000, Jordan also joined the WTO, and signed an FTA with the U.S in 2001 as an anchor to domestic reform.

As a prerequisite to joining the WTO and signing its FTA with the U.S, Jordan had to re-design her new IPRs legislations in advance. These were announced just a few days before Jordan's negotiating team headed to Seattle for negotiations in the November 1999 Ministerial Conference. These encompassed a new patents law (No. 32/1999), a new trademark law (No.34/1999) and a new copyright law (No.29/1999). In brief, the new regulations provided enhanced tougher levels of IPRs protection. Some of these changes include the following: the duration of the patent protection was modified to 20 years from the date of filing an application instead of 16 years under the old law; the patentee has been granted the right not only to act against any infringement of IPRs, but also "the right to claim damages on all types of crimes underlined by the Law which may occur to the patent"; penalties against violators of patents, copyrights and trademarks have been increased; compulsory licensing has been made possible only under very strict conditions and circumstances; licensor's rights have been strengthened "to license all the class of goods or only license selected goods" if he/she wishes; the duration of registration marks was increased from 7 to 10 years under the new laws, renewable for further indefinite protection periods of 10 years; the previously strong role of the state in supporting local pharmaceutical firms by credit, production and export subsidies has been curtailed; finally, and most importantly, TRIPS have also subjected all local medical drugs, pharmaceutical compositions and food items to patent protection, and this protection now covers not only process but also pharmaceutical product as well.

The next section will focus on the main changes Jordan undertook in order to comply with the requirements of the TRIPS Agreement regarding the protection of trademarks.

4. Pre-TRIPS Trademark Regime in Jordan

As mentioned earlier, prior to joining the TRIPS Agreement, Jordan's 1952 Trademark Law was in force. It was complemented by the Trademarks Regulations Act (Nezam) No 1 in 1952.²⁹ These laws repealed and cancelled the Trademark Law of 1930 and 1938 respectively and the Trademark Regulations Act of 1930. Moreover, the 1952 Trademark Law was briefly modified in 1957 and remained the same until the second wave of legislative modernisation in the history of the kingdom took place in 1999 as a result of the country's accession to the WTO.

To some, the pre-TRIPS trademark regime in Jordan did not recognise many aspects of the modern trademark law.³⁰ The major changes which occurred as a result of the TRIPS Agreement on the Jordanian Trademark regime as presented by the new Jordanian 1999 Trademark Law include the following issues:

- 1- The Protection of Service Marks
- 2- The Protection of Famous and Well-Known Marks
- 3- The Protection of Collective Trademarks
- 4- Protection and Registration Period
- 5- Cancellation of a Trademark for Non-use
- 6- Licensing of Trademarks
- 7- Assignment of Trademarks
- 8- Penalties and Infringement Remedies

These issues will be dealt with accordingly.

4.1 The Protection of Service Marks

Prior to 1999, service marks were not protected in the country. Accordingly, the new 1999 Trademark Law provided service marks with such protection. Such an extension

²⁹ The 1953 Trademark Law Number 33.

³⁰ Khoury, Amir (2003) "The Development of Modern Trademark Legislation and Protection in Arab Countries of the Middle East" 16 The Transnational Lawyer 2, 249-344, at 263.

of protection makes it easier for service mark owners to obtain protection for their marks in the country without resorting to the old common practice of filing their applications under Class 16 for publication and printed material.

Although the TRIPS Agreement does not define service marks solely, however, it adopts the provisions on service marks under the Paris Convention in this regard.³¹

In addition, the 1999 Jordanian Trademark Law also echoes TRIPS protection of service marks by treating such marks in the same manner as trademarks.³² Thus, the 1999 Trademark Law defines a trademark as “Any visually perceptible sign used or to be used by any person for distinguishing his goods or services from those of others”.³³

4.2 The Protection of Famous and Well-Known Marks

Prior to 1999, famous and well-known trademarks were not explicitly protected in Jordan by virtue of trademark legislation. The new Trademark Law, awarded protection for famous and well-known trademarks even if they were not registered in the country. Such protection comes in line with the TRIPS Agreement requirement of protecting famous and well known trademarks even if they were not registered or used in the same relevant sector or industry.³⁴

However, the 1999 Jordanian Trademark Law defines a Well-Known Trademark as “The mark with a world renown whose reputations surpassed the country of origin where it

³¹ TRIPS Agreement, Article 63.3 states that “Article 4 of the Paris Convention (1967) shall apply *mutatis mutandis* to service marks”.

³² TRIPS Agreement, Article 15.1 defines a trademark as “Any sign, or any combination of signs, capable of distinguishing the goods or *services* of one undertaking from those of other undertakings, shall be capable of constituting a trademark...” (Emphasis added).

³³ 1999 Jordanian Trademark Law, Article 2.

³⁴ TRIPS Agreement also adopts the Paris Convention Articles on famous and well-known-marks, thus, TRIPS Agreement, Article 16 adopts Article 6bis of the Paris Convention which states “The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith”.

has been registered and acquired fame in the relevant sector among the consumer public in the Hashemite Kingdom of Jordan”.³⁵

Moreover, the 1999 Trademark Law provides a list of marks that cannot be registered as a trademark in Jordan including Well-Known Trademarks. This is evident from Article 8.12 which states that “the following may not be registered as trademarks: (12) The trademark which is identical or similar to, or constitutes a translation of, a well-known trademark for use on similar or identical goods to those for which that one is well-known for and whose use would cause confusion with the well-known mark, or for use of different goods in such a way as to prejudice the interests of the owner of the well-known mark and leads to believing that there is a connection between its owner and those goods as well as the marks which are similar or identical to the honorary badges, flags, and other insignia as well as the names and abbreviations relating to international or regional organisations or those that offend our Arab and Islamic age-old values”.

The issue of protecting famous and well-known trademarks in Jordan had been subject to controversy prior to 1999. Indeed, big brand owners often grumbled that their goods and trademarks were pirated and counterfeited in the country without any legal compensation or remedy. Some even argue that certain multinationals avoided doing business in Jordan because of its weak enforcement and its inadequate protection for famous and well-known trademarks.³⁶

A number of cases were even brought to the Jordanian courts to prevent such infringement. Examples abound. For instance, on 13th January, 1990, the Scotch Whisky Association of Scotland opposed the trademark application to register the trademark “MAC PARKER Label” for alcoholic beverages in Jordan by a Jordanian company. However, in addition to the words “MAC PARKER”, the company affixed a label to the trademark showing the following statements; ‘Produced from Scotch Malt’, ‘Blended Whisky’ and ‘Produced in Jordan by Zoumot Distilleries’.

³⁵ 1999 Trademark Law, Article 2.

³⁶ Lacket, *Supra* 23, at 77.

The Scotch Association filed the opposition based on Article 6 of the 1952 Trademark Law claiming that the “mark deceives the public, encourages unfair competition and include false indication of the origin”. Also the opposition suggested that the mark ‘MAC PARKER’ was intended to look Scottish since many Scottish names starts with the prefix ‘MAC’. In addition, the Association alleged that the description as ‘Produced from Scotch Malt’ is also misleading and constitutes fraud.

However, the Jordanian company applying for registration claimed that although it was producing alcoholic beverages, the process of distilling is not confined to Scotland; on the contrary it’s a global process. Moreover, the company claimed that Whisky is usually bought by its brand name and ‘Blended Whisky’ indicates only the kind of whisky, which the bottle contains, and this is common practice. In addition, the applicant argued that an ordinary Jordanian consumer does not know that the prefix ‘MAC’ is always Scottish since the ‘MAC’ prefix is not only confined to Scottish origin. For example, McDonalds, McCarthy and McKenzie are all non-Scottish characters. Furthermore, the company claimed that the reason why it attached the ‘MAC Parker’ label came as a result of the producer’s appreciation for the efforts of Mr Mac Parker, the sales manager of a company who had close business cooperation with the applicants and later worked with them. Finally, the company empathised that they produced whisky from Scotch malt and they were careful to state that this product was made in Jordan to avoid any false indication of origin aimed at misleading consumers.

The decision of the registrar was announced on 1992. He rejected the opposition of the Association and allowed the mark to proceed to registration. In his decision he claimed:³⁷

- 1 The registration of the mark does not lead to deceiving the public, encourage unfair competition and indicates false origin unless it proved that there is a trademark similar to the opposed one and that the similar trademark is known to the Jordanian consumer.
- 2 The similarity should involve the trademark as a whole not a part of it.

³⁷ For the decision and comments see TMP Agents (1992) ‘The Role of Registration and Use in the Protection of Trademarks in Jordan’ 7 *Arab Law Quarterly* 4, 295-297.

Therefore partial similarity may not mislead public.

- 3 The applicants provide that they used Scotch Malt and therefore their act does not mislead the public.

In another case, in *PepsiCo Inc V Sweets and Foods United Co*,³⁸ PepsiCo owner of Mountain Dew, a carbonated drink, filed an opposition against an application for the same trademark manufactured by the Jordanian Sweets and Foods United Company. Sweets & Foods Co had been manufacturing and selling a variety of concentrated fruit juice under this mark for several years in Jordan, in which it had acquired a reputation with local consumers. PepsiCo registered this mark in few countries but it did not register it in Jordan.

When the complaint was brought to the attention of the registrar, the registrar rejected the complaint on the grounds that although the trademark was famous and registered in a number of countries outside Jordan, it was not registered or used by PepsiCo in Jordan, whereas Sweets had been using it in the country for some time. In his decision, the Registrar also took the view that carbonated drinks and fruit juices are of a different nature and could be differentiated between by consumers and therefore no likelihood of confusion could arise out of such use hence he saw no valid legal grounds for the opposition.

In both cases, the opposition appealed to the Higher Court of Justice, which represents the highest judicial authority in the country. The Court, in both cases decided upon annulling the registrar's decision and ruling in favour of the plaintiff by awarding legal protection to the famous and well-known trademarks even if they were not registered or used in the country by their original owner. However, what is interesting in this manner is the fact that, the court in both instances although repealed the registrar's decision it awarded no damages against the infringer in which he was only ordered to refrain from using such a trademark on his products hence resulting in no compensation to the trademark owner.

³⁸ See www.ladas.com/BULLETINS/1999/0399Bulletin/jordan_protectfamousTM.html. (Last visited November 2003).

However, in a recent post-1999 case, the Higher Court of Justice in its decision Number 438/2003 ruled that the famous pub name “ROVERS RETURN” which features in the old long-standing series of “CORONATION STREET” which has been used as a trade name for a pub and restaurant in Jordan is not worthy of protection as a famous trademark. In its decision, the Court ruled that “it is clear from the evidence provided in this case that the disputed name was not featured on the Jordanian national TV and its broadcasting was only limited to cable users hence the number of viewers who are aware of this name are very limited therefore no fraud or origin confusion can arise as a result of using the trademark”.³⁹

Post 1999 practices of the Higher Court of Justice tend to reaffirm the view that famous trademarks are protected even if not used or registered in the kingdom.⁴⁰ This is clearly attributed to Jordan’s implementation of the TRIPS Agreement. However, the courts hesitancy and inability to award higher amounts of damages and compensation against trademark infringements is still of great concern to local and foreign trademark owners alike.

4.3 The Protection of Collective Trademarks

A further addition to the new law was the protection of Collective Marks. Article 2 of the 1999 Jordan Trademark Law defines a Collective Mark as “The mark used by a legal person for certifying the origin of goods not manufactured by him or the materials out of which they were made or the manufacturing precision or other characteristics of those goods”. Accordingly, a Collective Trademark can be registered if “it is distinctive, as to words, letters, numbers, figures, colours, or other signs or any combination thereof and visually perceptible”.⁴¹

However, the law also provides that a Collective Mark⁴² shall be treated as a “special trademark for the legal person registered in its name”.⁴³

³⁹ Higher Court of Justice, Decision 438/2003.

⁴⁰ Higher Court of Justice, Decision 43/93, 247/2001 and 309/2003.

⁴¹ 1999 Trademark Law, Article 7.1.

⁴² See the Paris Convention, Article 6septies.

⁴³ 1999 Trademark Law, Article 10 (1).

4.4 Protection and Registration Period

In order to comply with the TRIPS Agreement requirements of protection,⁴⁴ the legislator extended the protection period for trademarks from the previous periods of 7 and 14 years respectively to 10 years renewable indefinitely instead.⁴⁵

However, it appears that Jordan has opted for a voluntary 'TRIPS-plus' clause as far as the protection period of trademarks is concerned. While the TRIPS Agreement stipulates that the protection should be no less than 7 years renewable for the same period indefinitely,⁴⁶ the 1999 Jordan Trademark Law provides a longer period of 10 years renewable for the same period indefinitely.

4.5 Cancellation for Non-use

Under the previous 1952 Trademark Law, the period for cancelling a trademark for non-use was two years. However, under the TRIPS Agreement, the period stipulated is an uninterrupted non-use of three years without any 'valid justification'.⁴⁷ Hence, the 1999 Trademark Law stipulates that "Without prejudice to the provisions of Article 26 of this law, whoever is interested may apply to the registrar for the cancellation of any trademark registered in the name of a third party if its registrant has not actually used it continuously for a period of three years preceding the application unless the registrant proves that non-use has been due to special circumstances in the trade or to justifiable reasons which prevented use".⁴⁸

⁴⁴ TRIPS Agreement, Article 18.

⁴⁵ 1999 Trademark Law, Article 20 states "The ownership right of a trademark shall be for 10 years as of its registration date and may be renewed for 10-year periods under the provisions of this law".

⁴⁶ TRIPS Agreement, Article 18.

⁴⁷ Ibid, Article 19.

⁴⁸ 1999 Trademark Law, Article 22 (1).

4.6 Licensing of Trademarks

Unlike its predecessor, the amended 1999 Trademark Law provides the owners of trademarks with the right to license their trademark to others. However, the TRIPS Agreement provides its member countries with the discretion of identifying and regulating the conditions in which trademark licensing may take place.⁴⁹

In this regard, Article 26 (2) stipulates that “The trademark owner may license one or more persons, under a notarized contract to be filed with the Registrar, to use the mark for all or some of the goods. Likewise, the trademark owner shall have the right to use it unless otherwise is agreed upon. The used license must not exceed the protection period of the registered mark”.

However, it is evident from the provision that the only requirement imposed on such a license is that the duration of such licensing should not exceed the protection period afforded.

4.7 Assignment of Trademarks

Under the previous Trademark Law, the assignment of trademarks was not dealt with extensively. Thus, the new Trademark Law deals with the issue of assignment including transferring the business, assigning it, or mortgaging a trademark without having to implement the same action on the business itself. Therefore, Article 19.1 states “It shall be allowed to assign or to pledge the trademark without the ownership transfer of the business concern using the mark in distinguishing its products or to assign or pledge the business concern itself. The trademark may also be subject to a security interest independently from the business concern”.

It is clear that the trademark may also be seized and transferred without the business itself, an option which is also allowed and permitted under the TRIPS Agreement.⁵⁰

⁴⁹ Article 21, TRIPS Agreement stipulates “Members may determine conditions on the licensing and assignment of trademarks, it being understood that the compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs”.

⁵⁰ TRIPS Agreement, Article 21.

4.8 Penalties and Infringement Remedies

The old Trademark Law, incorporated weak penalties against the infringement of trademarks. Accordingly, under the amended 1999 Trademark Law, the sanctions against infringement have been increased from a maximum imprisonment period of three months to one year. Moreover, fines were also increased from a maximum of JD 100 (almost 150 US\$) to JD 3000 (almost 4500 US\$).⁵¹

Such penalties will be imposed upon any act of infringement as defined by the law against the registered trademark. Such acts include counterfeiting and imitation of the trademark with the intention of misleading the public about the origin of the goods or services. In addition, such penalties will also apply on any illegal use of a registered trademark without the consent and approval of its owner.⁵²

The law also awards the courts the discretion to seize and confiscate the counterfeited or imitated goods. The court also has the discretion to award the plaintiff damages which corresponds with the infringement. This is manifested by Article 39 (3-4) of the 1999 Trademark Law which states that "The defendant may claim damages if it is proven as a result of the lawsuit that the plaintiff is not rightful in his lawsuit or he hasn't filed a lawsuit during the prescribed period: (4) The court may decide to seize the goods, materials for packaging, wrapping and advertising, plates, seals, and other tools and materials predominantly used in affixing the trademark on the goods or

⁵¹ 1999 Trademark Law, Article 38 stipulates "Whoever committed with the intention to cheat any of the following deeds shall be penalized by an imprisonment term of no less than three months and no more than one year, or a fine of no less than 100 Jordanian Dinars and of no more than 3000 Jordanian Dinars or by those two penalties:

Whoever counterfeited a trademark registered under this law, imitated it in any other way that misleads the public, or affixed a counterfeit or imitation mark on the same goods for which the trademark has been registered:

(1). a. Whoever illegally used a trademark owned by another on the same class of goods or services for which that trademark is registered.

b. Whoever sold or possessed for the purpose of selling or offered for sale goods bearing a trademark whose use is regarded as an offence under paragraphs (A) and (B) of this Article if he was cognizant of that beforehand.

(2.) Notwithstanding what is mentioned in paragraph 1 of this Article, whoever sells, or offers for sale, or possesses for the purpose of selling goods bearing a trademark whose use is regarded as a contravention under the items (A) and (B) of paragraph 1 shall be penalized by a fine of no less than 50 Jordanian Dinars and no more than 500 Jordanian Dinars.

(3). The provisions of paragraph 1 of this Article shall apply to whoever started to commit any of those acts provided for in this Article or aided or abetted another to commit it".

⁵² 1999 Trademark Law, Article 38.

which the infringement was made with or stemmed from. The court may order to destroy them or to dispose of them for non-commercial purposes”.

As demonstrated, the Jordan Pre-TRIPS trademark regime fell short of providing the established international minimum standards of protection at the time. Clearly, one can state that Jordan has taken a great leap towards reforming its IPRs regime and particularly its trademark law substantially in recent years. The 1999 Trademark Law provides higher and tougher levels of protection which are compatible with the Paris Convention and the TRIPS Agreement levels and obligations of protection.

5. Jordan in the Free Trade Era

As explained above, Jordan was in an unenviable financial position in the early 1990s as a result of the economic and political developments in the region. Consequently, foreign aid, historically the mainstay of the economy, was cut off completely in an attempt to force Jordan to shift its foreign policy stand more in line with the US and the UK.

Saddled with foreign debt and the deep recession that brought high unemployment, increasing poverty and worsening equities, “budget security” considerations forced cash desperate Jordan to turn South at the expense of Arab regional integration.⁵³ Hence, Jordan first changed its pro-Iraqi position and in 1994 signed a peace treaty with Israel. Although the peace treaty with Israel was mainly viewed as a political move, it also laid the foundations for Jordan’s accession to the WTO.⁵⁴

⁵³ See Brand, *Supra* 26.

⁵⁴ The highly critical Jordan-Israel Peace Treaty was of vital importance to Jordan’s integration within the world’s trading multilateral framework manifested in the WTO. According to US 1994 Trade Law Legislation, the US should “vigorously oppose” any country’s admission to the WTO that “fosters, imposes, complies with, furthers, or supports” a boycott, such as the Arab League’s boycott of Israel. In addition, in the 1995 Uruguay Round Agreements Act (Sections 124-125), Congress clearly states that the US Trade Representative should “vigorously oppose countries ascending to the WTO that participate in boycotts”. For more on the Arab Boycott against Israel see Konlorovich, Eugene (2003) “The Arab League Boycott and WTO Accession: Can Foreign Policy Excuse Discriminatory Sanctions?” 4 *Chicago Journal of International Law* 2, 283-304. Broude, Tomer (1998) “Accession to the WTO: Current Issues in the Arab World” 32 *Journal of World Trade* 6, 147-167.

Moreover, under the lure of further “financial assistance”, Jordan signed an Association Agreement (AA) with the EU in 1997.⁵⁵ The AA comes as part of the 1994 Euro-Mediterranean Initiative to create a free trade area in industrial goods between the EU and 12 Mediterranean countries by the year 2010, later modified to 2012. It replaced the 1978 Cooperation Agreement (CA) that provided Jordanian products with preferential access to the EU market without reciprocity on behalf of Jordan.⁵⁶ The EU-Jordan AA, which is based on reciprocity, makes it Jordan’s turn to open up its economy to unfettered competition from the EU, with large implications for Jordan’s economy.⁵⁷ Moreover, the AA, as will be demonstrated later imposes provisions dealing with the protection of IPRs that are of a ‘TRIPS-plus’ nature.

The Euro-Jordan AA was delayed for five years only being ratified in May 2002. This was due to large disagreements between the EU and several Arab countries over a series of economic and political issues.⁵⁸ In 1999, a new and young regime⁵⁹ took over in Jordan following the death of King Hussein. Having failed to persuade major donors and creditors to provide large debt forgiveness for the country’s foreign debts, the new regime in Jordan, under financial and political pressure from Washington, found itself suddenly negotiating Jordan’s accession to the WTO by November 1999. Just a few days before her negotiating team headed to Seattle for negotiations in the November Ministerial Conference, Jordan announced the enactment of several new IPRs legislations and regulations as a prerequisite to joining the WTO.⁶⁰ It could be

⁵⁵ Sawalha, Francesca, Jordan Times ‘Euro-Jordan Association Agreement: Implementation on Track-European Diplomats’ Oct 20th 2003.

⁵⁶ The 1978 EEC-Jordan Cooperation Agreement.

⁵⁷ Joffe, George (2000) “Europe and the Mediterranean: The Barcelona Process Five Years on” London, The Royal Institute of International Affairs, Briefing Paper, New series No 16.

⁵⁸ See generally Whitman Richard (2001) “Five Years of the EU’s Euro-Mediterranean Partnership; Progress without Partnership?” London, Centre for Study of Democracy, University of Westminster. Also see Sawalha, Supra 55.

⁵⁹ King Abdullah II was only 37 years of age at the time when he ascended to the throne after the death of his father King Hussein. Since his ascension to the throne, King Abdullah II has continued his late father’s commitment to creating a strong and positive moderating role for Jordan within the Arab region and the world, and has worked towards the establishment of a just and lasting comprehensive solution to the Arab-Israeli conflict. King Abdullah II is committed to building on the late King’s legacy to further institutionalise democratic and political pluralism in Jordan. He has exerted extensive effort to insuring sustainable levels of economic growth and social development aimed at improving the standard of living of all Jordanians. He is also working towards modernising Jordan’s information technology and educational systems. For more see <http://www.kingabdullah.jo/homepage.php>.

⁶⁰ These encompassed a new Patents Law (No. 32/1999), a new Trademark Law (No. 33/1999) and a new Copyright Law (No.29/1999).

argued that such a move represents the second step towards Jordan's accession to the WTO.

Put in a nutshell, Jordan's accession route to the WTO was paved through the peace treaty with Israel and the country's compliance with the requirements of the WTO including those of the TRIPS Agreement.⁶¹ Consequently, in 2000, Jordan became the 136th member of the WTO.

In addition to the EU Agreement and the WTO's accession, Jordan also committed itself to a further FTA with the United States. This agreement was also preceded by a Trade and Investment Framework Agreement (TIFA)⁶² and a Bilateral Investment Agreement (BIT) in 1997.⁶³

The US-Jordan FTA signed on Oct 24th 2000 was the first of its type in the world due to a number of features.⁶⁴ It was the first ever agreement to be signed between the US and a Muslim or Arab state. Most importantly, it was the first ever agreement of its type dealing with a number of emerging issues such as IPRs, electronic commerce, government procurement, labour and environment.⁶⁵ The US-Jordan FTA also incorporates and imposes further provisions of a TRIPS-plus nature.

Before discussing Jordan's TRIPS-plus model, it is useful to recapitulate on some of the views and attitudes which surround the protection of the IPRs in the country.

⁶¹ "Jordan has been working towards joining the WTO by attempting to conform to WTO agreements. According to the WTO some legal and policy reform remain to be implemented in order for Jordan to fulfil current WTO requirements for membership. Jordan has to reform its foreign trade regime by amending many of its existing laws, enacting many new laws and changing many of its trade policies by the end of 1999". See Sweis, Rateb "The Effect of the World Trade Organisation on the Jordanian Economy" in Joffe, George (2002 Eds) *Jordan in transition* (1990-2000), Hurst & Company, London, at 298.

⁶² See <http://www.jordanusfta.com/documents/tifa.pdf>. (Last visited September 2004).

⁶³ Hereinafter US-Jordan BIT.

⁶⁴ For an overview see www.ustr.gov and The White House 'Overview on the US-Jordan Free Trade Agreement FTA'. Available at www.whitehouse.gov.

⁶⁵ See Nsour, Mohammad (2002-2003) "Fundamental Facts of the United States-Jordan Free Trade Agreement: E-Commerce, Dispute Settlement Resolution and Beyond" 27 *Fordham International Law Journal* 2, 742-784.

6. Attitudes

Generally, Arab countries (as part of the developing countries), viewed the protection of IPRs negatively. Emanating from a clear lack of awareness and a weak comparative advantage, Arab states paid little attention to the protection and regulation of IPRs. Thus, Arab states in their own mindset always followed a 'minimalist' passive approach of only acting on the protection of IPRs "whenever they have to".⁶⁶

However, Jordan's reform of its IPRs regime is worthy of studying. A very important feature of this interesting case lies in the continued lack of awareness regarding the nature of IPRs and its implications on the economic and social spectrums at both the official and the private levels even after the introduction of higher and more extensive levels of protection.⁶⁷ For instance, when asked about the rationale behind implementing the TRIPS Agreement in Jordan, the head of the team that negotiated Jordan's accession into the WTO, responded by saying that "I am not an expert in this field... I am...only the head of the Jordanian negotiating team for the WTO".⁶⁸

Moreover, some officials recently admitted that the Jordanian negotiation team to the WTO had rushed into joining the organisation before the 3rd Ministerial Conference in Seattle in 1999 without any public debate or discussion "because it was known that the round will start discussing new issues and it was clear to us from different indications that membership conditions will become harsher and more difficult and that some voluntarily commitments will become obligatory, new conditions will be imposed...and that there will not be transitory periods anymore. Therefore, our aim was to join the WTO before the round starts and before new conditions are imposed on us". This is interesting when one studies some other developing countries'

⁶⁶ El Said, Mohammed (2005) "The Road from TRIPS-Minus to TRIPS to TRIPS-Plus: Implications of IPRs for the Arab World" 8 *The Journal of World Intellectual Property* 1, 53-66. Sherif Saadallah, Director of the WIPO Arab Bureau, told *Al-Ahram Weekly* "Thus far Intellectual Property (IP) laws have been misunderstood as not being in the interest of the general public". Wahish, Nadeen *Tripping on TRIPS*, *Al-Ahram Weekly*, September 2002, Issue 604.

⁶⁷ Lacket says in this regard during his research in the country "Throughout the author's stay, he found lack of awareness and understanding of the nature of IPRs and their protection. IPRs in Jordan are government grants, which protect and promote innovation, creativity and commercial symbols. Accordingly the most important task for Jordan is to embark on a private and public sector awareness programme about IPRs". Lacket, *Supra* 23, at 74.

⁶⁸ Halaiqah, Mohammed (2000) "Jordan's Accession to the World Trade Organisation: Challenges and Perspectives" Amman, The Jordanian Forum for Economic Development, Sindebad Publishing House. At 53.

experience in this regard, including several Arab States who similarly rushed into joining the WTO's TRIPS Agreement and have already "regretted signing up on commitments that they did not fully understand", debate and appreciate.⁶⁹

Clearly, drastic changes occurred in Jordan's IPRs laws and regulations in a very short period of time. These changes came about mainly as a prerequisite to joining the WTO in what some have already described as "a record time".⁷⁰ Even the former Chief of the Royal Court, Minister of Industry and Trade, recently admitted that Jordan rushed into the WTO prematurely and without sufficient preparation.⁷¹

Moreover, certain industrial sectors which were expected to be mostly affected by Jordan's accession to the WTO also voiced their concerns. For example, the Jordanian pharmaceutical sector regard the WTO as "an unfair war" opened on them without any preparation, "a destiny" that gives us no "option...to either choose or reject".⁷² Others wondered why there was "entry into this organisation while our land is infertile and we are not ready?"⁷³

Moreover, it has been suggested that Jordan's speedy reform of its IPRs regime has taken place in a non-transparent and undemocratic manner. This can be evident from Jordan's accession experience to the WTO and the Free Trade Agreement with the US by which no official public debate or consultation with the concerned and affected segments of the society has taken place. For instance, in one of its reports, the International Crises Group (ICG)⁷⁴ quoted a prominent Jordanian entrepreneur complaining about such lack of consultation. He said that "in the absence of parliament, major decisions are taken without the necessary checks and balances, for

⁶⁹ The Economist 'Doubts About Doha' Nov 13th 2003.

⁷⁰ El-Said, Hamed (2000) *The Political Economy of Reform in Jordan: Breaking Resistance to Reform?* In Joffe, George (Eds), *Jordan in Transition 1990-2000*, London, Hurst.

⁷¹ Anani, Jawad (2001) "The Political Sociology of Jordan: An Analysis for the Map of Gains and Pains", in El-Said, Hamed and Becker, Kip, (Eds) *Management and International Business Issues in Jordan*, Binghamton, Haworth Press Inc).

⁷² Jardaneh, Nizar and Kelani, Adnan (2000) "Jordanian Pharmaceutical Industry: Challenges of Accession to the World Trade Organisation" Amman, Sindebad Publishing House, (In Arabic). At 9 and 42. For more on challenges facing pharmaceuticals in Jordan see El Said, Hamed and El Said, Mohammed (2005) "TRIPS, Bilateralism, Multilateralism & Implications for Developing Countries: Jordan's Drug Sector" 2 *Manchester Journal For International Economic Law* 1, 59-79.

⁷³ Quoted from Halaiqah, Supra 68, at 55.

⁷⁴ International Crises Group is an independent non-profit, multinational organisation, with over 100 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflicts. For more see www.icg.org.

example, concerning Jordan's membership in the World Trade Organisation and the Free Trade Agreement with the United States. These agreements may have been rushed through and not have the best interest of Jordan in mind; better deals might have been negotiated".⁷⁵

In order to sell them to the public, the expected benefits from the WTO, the Euro-Jordan AA and the FTA with the USA have been deliberately and largely overestimated.⁷⁶ Jordanian officials argue that "our accession to the WTO is a great achievement... an exceptional case", it is a case of "a country joining with her rules and regulations not ready yet".⁷⁷ US officials publicly stated that the US has privileged Jordan; "Jordan will become [only] the fourth country to establish such agreement with the United States after Canada, Mexico and Israel", and that this agreement will not only increase Jordan's exports of goods and services to North America, but that the implementation of TRIPS will also "attract foreign direct investment" into the country.⁷⁸ "The FTA", the new American Ambassador to Jordan Edward Gnehm, added, "is another success story in the making", making "Jordan the place to be".⁷⁹

Empirical evidence does not support the above arguments. The available evidence suggests that the Euro-Jordan AA and the FTA with the US have both failed so far to either attract European or American investment into Jordan or increase Jordan's exports into the EU or North America.⁸⁰

A more in depth analysis of Jordan's WTO, Euro-Jordan AA and US-Jordan Free Trade Agreement suggests that these agreements have been struck at too high a price

⁷⁵ ICG, Supra 11, at 7.

⁷⁶ See El Said, H and El Said, M, Supra 72.

⁷⁷ Halaiqah, Supra 68, at 33. See Zoellick, Robert "A Return to the Cradle of Free Trade" Washington Post, 23 June 2003.

⁷⁸ AMIR (February 2001) *Access to Microfinance & Improved Implementation of Policy Reform*, USAID, Amman, Final Report, at VIII and 14.

⁷⁹ Jordan Times 'Ambassador Gnehm Reiterates US Commitment to Enhance Trade With Jordan' Oct 7th 2003.

⁸⁰ Fanek comments on the EU-Jordan Association Agreement by stating that "the trade between Jordan and the EU is hopelessly out of balance, to a degree that should not be allowed to continue. The balance of trade was expected to adjust or at least improve after Jordan entered into an association agreement with the EU, but nothing of the sort happened, and the situation remained alarming". Fanek Fahed, Jordan Times 'Unfair Balance of Trade With the EU' Aug 30th 2004. Also see Jordan Times, Kardoosh, Marwan 'Jordan-EU Association Agreement- a Critical Assessment' Jul 11th 2002. Also see Sawalha, Supra 55, Witman, Supra 58.

to be paid by a small, debt saddled and aid dependent developing country, like Jordan. Each one of these Agreements contained a number of extra and tougher conditions than the one before. The next part will deal with Jordan's TRIPS-plus model as a result of the US-Jordan BIT, US-Jordan FTA and the EU-Jordan Association Agreement.

7. Jordan's TRIPS-Plus Model

Jordan represents an interesting case study for the protection of IPRs in the world. It is so because in less than a decade, the country has moved from a 'TRIPS-Minus' situation to a 'TRIPS-Plus' one with immense speed. While some argue that the 100 years period which preceded the establishment of the WTO was not enough for the developing countries to adjust and upgrade their IPRs regimes accordingly,⁸¹ the speed with which Jordan reformed and upgraded its IPRs regime provides a very unique situation for a developing country that has very limited IPRs assets and resources to protect.⁸²

Prior to joining the WTO, Jordan was pressed hard by Western governments to accept conditions and regulations that further empowered owners of IPRs, overwhelmingly Western-based companies. Indeed, it may be argued that Jordan was treated as a developed country in the WTO, at least with regard to the implementation of the TRIPS Agreement. In return for what Jordanian officials view as 'exceptional' treatment, Jordan not only had to establish new and enhanced rules for all key IPRs prior to membership, but was also obliged to commit itself to the implementation of the TRIPS Agreement "immediately and without any grace period".⁸³

⁸¹ See generally Botoy, Ituku (Jan 2004) "From the Paris Convention to the TRIPS Agreement: a One-Hundred-and-Twelve-Year Transitional Period for the Industrialised Countries" 7 *The Journal of World Intellectual Property* 1, 115-130, at 116.

⁸² Especially when taking into consideration the fact that until only 1998 Jordan was still placed on the US Section '301 Watch List' and the Pharmaceutical Research and Manufacturers of America (PhRMA) has formally asked the USTR to name Jordan in the next year as a "Priority Watch" country for "failing to provide adequate intellectual property protection". See, Alul, Ghaliya, Jordan Times 'PhRMA requests Jordan be placed on 'priority watch' list' April 15th 1998.

⁸³ World Trade Organisation, 1999, Draft Report of the Working Party on the Accession of the Hashemite Kingdom of Jordan to the World Trade Organisation, Geneva, WTO, November 23.

However, Jordan's TRIPS-plus model emerged as a result of a combined number of factors and arrangements rather than as a result of a single agreement. In this regard, much attention must be paid to two major bilateral free trade agreements; the Euro-Jordan AA and the US-Jordan FTA. However, it is also important to shed light upon the US-Jordan Bilateral Investment Agreement (BIT) of 1997 which laid down the foundations of the subsequent agreements. Therefore, the US-Jordan BIT provisions are going to be our departing point when studying Jordan's TRIPS-plus model.

7.1 US-Jordan Bilateral Investment Agreement (BIT)

The US-Jordan Bilateral Investment Treaty (BIT) was only the fourth BIT of its type ever to be concluded between the US and the Arab World.⁸⁴ Although signed in July of 1997, the US-Jordan BIT was ratified by the Jordanian Parliament in 1998 and by the United States Senate in October 2000. The Treaty eventually came into force in March 2003.⁸⁵

The agreement is composed of 16 Articles and an Annex supplemented by a Protocol. The agreement refers to a broad set of issues related to trade, dispute settlement, investment, expropriation, compensation, transfer of investment assets, employment of foreigners, taxation, and IPRs protection and so on.

Although the BIT regulates matters related to investment in both countries, it does have a number of provisions related to the protection of IPRs as far as Jordan is concerned. In fact some of these provisions do constitute a TRIPS-plus recipe. Following are some of these provisions as provided under this agreement.

In defining what is meant by an 'investment', the BIT spells out a number of investment issues that are covered by the ambit of this Treaty. Henceforth, these include in addition to many others, reference to detailed branches of IPRs. Accordingly, Article 1 of the US-Jordan BIT states "for the purposes of this

⁸⁴ After the US-Morocco 1991 BIT, the US-Egypt 1992 BIT and the US-Tunisia 1993 BIT.

⁸⁵ The Treaty final ratification was delayed due to a number of technical discrepancies between the translations of the respective versions of the Treaty.

Treaty...“investment” of a national or company means every kind of investment owned or controlled directly or indirectly by that national or company, and includes investment consisting or taking the form of: (V) intellectual property, including; copyrights, and related rights, industrial property rights, industrial property rights, patents, rights in plant varieties, utility models, industrial designs or models; rights in semiconductor layout design, indications of origin, trade secrets, including know-how, confidential business information, trade and service marks, and trade name”.

After establishing IPRs as an investment issue, the Treaty requires its member countries to provide such investment with ‘fair and equitable treatment’. Moreover, the Treaty obliges its members to accord protection consistent with the current norms of ‘international law’.⁸⁶ Moreover, the BIT also prevents member states from acting in a manner which may be ‘unreasonable and discriminatory’ to the related investment.⁸⁷

In an attempt to analyse what is meant by such terminology, one may realise the vagueness and obscurity of the above mentioned expressions. The reason for such in-depth analysis arises from the fact that the Treaty itself does not clarify what is meant by ‘fair and equitable treatment’ and acts of ‘unreasonable and discriminatory’ nature. The notion of providing ‘full protection’ and ‘security’ is also a vague one that has no equivalent or unified concept under international trade law.⁸⁸ Furthermore, the Treaty is silent on what international levels of protection should prevail in so far as the protection of IPRs is concerned, bearing in mind the important fact that at the time of signing this Treaty, Jordan was not yet a member of the WTO and its TRIPS Agreement.

Moreover, as known under the auspices of the WTO, only member states can resort to the dispute settlement procedure.⁸⁹ However, the US-Jordan BIT opens the door for

⁸⁶ US-Jordan BIT, Article II 3 (a) “each contracting party shall at all times accord to covered investments *fair and equitable treatment* and full protection and security, and shall in no case accord treatment less favourable than that required by *international law*”. Para (b) “neither contracting party shall in any way impair by unreasonable and discriminatory measures the management, conduct, operation, and sale or other disposition of covered investments”. Emphasis added.

⁸⁷ US-Jordan BIT, Article II.3.b.

⁸⁸ Ibid, Article II 3 (a).

⁸⁹ Such as the Convention on the Settlement of Investment Disputes (ICSID) and the International Centre for Settlement of Investment Disputes. See Soley, David (1985) “ICSID Implementation: An Effective Alternative to International Conflict” 19 *International Lawyer* 2, 521-544. For more on ICSID see <http://www.worldbank.org/icsid/about/main.htm>.

private and individual investors to sue a state member of this BIT if a breach related to the implementation of this Treaty occurs. This however, may also create additional hurdles and complications for the poorer member state of this Treaty (namely Jordan) due to the apparent lack of resources and expertise in the field of international litigation.⁹⁰

To conclude, it is clear that the US-Jordan BIT has a certain influence and effect over the protection of IPRs in Jordan. It requires Jordan to treat IPRs as an investment issue and therefore provide US investors with further security to invest in the country by strengthening the protection of such rights according to US laws and standards of protection. Moreover, Jordan must provide 'fair and equitable' treatment for US investors in accordance with the international levels of protection without any specific reference for such levels. Finally it awards private investors with the right of litigation against a state if breach of the Treaty took place. For this and other requirements, the US-Jordan BIT represents a clear example of a TRIPS-plus IPRs agreement.

7.2 TRIPS-Plus Provisions Under the Euro-Jordan Association Agreement (AA)

The Euro-Med Association Agreement with Jordan was signed on November 24, 1997. However, it only came into force on May 1, 2002. The Agreement provides a comprehensive framework related to issues of political, economic and social relevance. However, the EU-Jordan AA is part of the Euro-Med Programme which commenced under the Barcelona Conference in 1995, which aims at creating a free trade area in the MENA region within 12 years.

Although the EU calls such agreements as "Partnership" or "Association" agreements nowadays, the main focus of these agreements is often on trade. Such Agreements

⁹⁰ Article XI (1) of US-Jordan BIT state "for purposes of this treaty, an investment dispute is a dispute between a contracting party and a national or company of the other contracting party arising out of or relating to an investment authorisation, an investment agreement or an alleged breach of any right conferred, created or recognised by this treaty with respect to a covered investment. In the event of an investment dispute, the parties to the dispute should initially seek a resolution through consultation and negotiation". However, Article IX provides a number of private dispute settlement bodies to deal with unresolved issues under this agreement if negotiations did not lead to any agreement.

represent an upgrade of relations to a more complex and comprehensive level of relations between the EU and the Middle East and North African (MENA) countries when compared with the previous Cooperation Programme implemented during the 1970s.⁹¹

The agreement is made up of 107 Articles and 7 Annexes supplemented by 4 Protocols. The agreement refers to a broad and detailed set of issues related to political, social and cultural dialogue, free movement of goods, industrial and agricultural products and services, trade and competition, environment, investment, and IPRs protection and so on.

The EU-Jordan AA has a number of provisions dealing explicitly with the protection of IPRs.⁹² In fact as we shall see, the Agreement incorporates a number of provisions of a 'TRIPS-plus' nature into the Jordanian IPRs regime. Following are some of these provisions:

First, the EU-Jordan AA obliges its members to provide 'adequate and effective' protection and enforcement for IPRs in accordance with the 'highest international standards'.⁹³ As explained in the previous chapter, the agreement does not explain or refer to what is meant by such standards leaving the window open for a wide range of international references in this field to be considered for implementation.

Second, the agreement provides its own dispute settlement mechanism in dealing with conflicts arising from the implementation and interpretation of this agreement. Therefore, Article 56 (2) of the AA state "if problems in the area of intellectual, industrial and commercial property affecting trading conditions were to occur, urgent consultation shall be undertaken, at the request of either party, with a view to reaching a satisfactorily solutions".

Accordingly, the dispute settlement procedure provided under this agreement prevents member states from resorting to and using the multilateral dispute settlement

⁹¹ For more see generally Zarrouk, Jamal and Zallio, France (2001) "Integrating Free Trade Agreements in the Middle East and North Africa" 2 *The Journal of World Investment and Trade* 2, 403-426.

⁹² Particularly Article 56 and Annex VII from the Agreement.

⁹³ EU-Jordan AA, Article 56.1.

framework as proposed under the WTO to resolve disputes related arising from this agreement including those disputes related to the protection of IPRs.

Third, Annex VII of the Association Agreement provides further 'TRIPS-Plus' obligations on Jordan. In this regard, Jordan must join a number of international agreements related to the protection of IPRs including the Berne Convention for the Protection of Literary and Artistic Works (Paris Act 1971)⁹⁴; the Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome 1961); the Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks (Geneva Act 1977 and amended in 1979); the Madrid Agreement concerning the International Registration of Marks (Stockholm Act 1967 and amended in 1979); the Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid 1989); the Budapest Treaty on the International Recognition of the Deposit of Micro Organisms for the Purposes of Patent Procedure (1977, modified in 1980); the International Convention for Protection of New Varieties of Plants (UPOV) (Geneva Act 1991) and finally the Patent Cooperation Treaty (Washington 1970, amended in 1979 and modified in 1984).⁹⁵

Fourth, the Agreement makes it clear that the Association Council has the authority to force Jordan to join other future international agreements for the protection of IPRs. Such a provision is a clear 'TRIPS-Plus' addition in which Jordan will be forced to ratify future international agreements (which are outside the requirements of the WTO) even if they contradict the country's national economic and political interests.⁹⁶ Such a condition does also represent a clear 'erosion' of Jordan's sovereignty and independent decision-making process.

Fifth, under the AA, Jordan is being forced to give up its right of enjoying the awarded transition periods provided to developing countries under the TRIPS

⁹⁴ It is noteworthy to explain that the TRIPS Agreement under Article 9.1 obliges its members to "comply with Articles 1 through 21 of the Berne Convention (1971)", however, the TRIPS-Plus element under these bilateral agreements relates to the implementation of the clause on authors' moral rights which goes beyond TRIPS obligations.

⁹⁵ EU-Jordan AA, Annex VII, Article 1 and 2.

⁹⁶ EU-Jordan AA, Annex VII, Article 4 state "The Association Council may decide that Paragraphs 1, 2 and 3 shall apply to other multilateral conventions in this field".

Agreement. Thus, the Association Agreement stipulates that Jordan must provide patent protection for chemicals and pharmaceuticals within a three year period,⁹⁷ two years shorter than that period provided under the TRIPS Agreement.⁹⁸

To conclude, it is apparent that the EU-Jordan AA obliges Jordan to incorporate additional provisions and obligations upon its IPRs regime which transfers Jordan to a TRIPS-plus regime. Therefore, the Association Agreement represents the second bilateral agreement after the US-Jordan BIT that has such an effect on the Jordanian IPRs regime. The next section, will deal with the most comprehensive TRIPS-Plus agreement Jordan ever adhered to; namely the US-Jordan Free Trade Agreement.

7.3 The US-Jordan Free Trade Agreement (FTA)

The US-Jordan FTA represents one of the most comprehensive and leading agreements in the field of bilateral trade relations up-to-date. Moreover, the agreement came to represent the cornerstone of the subsequent agreements signed between the US and other nations in the new era of bilateralism.⁹⁹ This may be attributable to a number of reasons:

First, the US-Jordan FTA was only the fourth agreement ever to be concluded between the United States and any other country.¹⁰⁰ It was also the first ever agreement with an Arab Middle Eastern country. This indicates the political and economic importance of the region for the United States especially when taking into

⁹⁷ EU-Jordan AA, Annex VII.3 provides “Jordan undertakes to provide for adequate and effective protection of patents for chemicals and pharmaceuticals in line with Articles 27 to 34 of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights, by the end of the third year from the entry into force of this Agreement or from its accession to the WTO, whichever is the earliest”.

⁹⁸ TRIPS Agreement, Article 65.

⁹⁹ Grynberg quipped “Within the space of a few weeks of its completion it became a template for future free trade agreements”. Grynberg, Roman (2001) “The United States-Jordan Free Trade Agreement: A New Standard in North-South FTAs?” 2 *The Journal of World Investment and Trade* 1, 5-20, at 11. Moreover, US officials have also cited the US-Jordan FTA model during their bilateral trade negotiations with other Arab countries, for instance, Catherine Novelli, Assistant Trade Representative for Europe, Middle East and North Africa stated that “The (FTA) signed with Jordan is a conceptual model for similar deals with other Arab countries”. Vivekanand, Jordan Times ‘Jordan is a conceptual Model for FTA Deals — Novelli’ Mar 10th 2005.

¹⁰⁰ The first Agreement was with Israel in 1985, Mexico in 1988, and Canada in 1989.

consideration the recent United States initiative of establishing a Free Trade Area in the region and its ongoing war on terror.¹⁰¹

Second, this agreement is also the first of its type to deal explicitly with issues related to labour, market access and the environment. Previous US FTAs did not deal with such issues hence the agreement's importance in this field as a template for future agreements.

Third, as far as the protection of IPRs is concerned, the agreement represents the first comprehensive bilateral free trade agreement of its type in this field. This may be attributed to its extensive protection and coverage for IPRs and their explicit 'TRIPS-Plus' nature as will be explained in the next section of this chapter.

Signed in 2001,¹⁰² the agreement is composed of 19 Articles and a number of Annexes¹⁰³ supplemented by several Memorandums of Understanding dealing with specific issues.¹⁰⁴ The agreement refers to a broad set of issues related to trade, dispute settlement, investment, establishment of free trade zone between the two countries, telecommunications, market access, and IPRs protection.

The next section of this chapter will refer to TRIPS-Plus provisions as dictated under this agreement.

¹⁰¹ Timothy Deal, senior Vice President of the US Council for International Business (USCIB) told a Senate Finance Committee in March 2001, that the principal attraction of the US-Jordan FTA was "the contribution it could make to the Middle East peace process". Quoted in Choudry, Aziz (2004) "Operation Enduring Free Trade: War, the Middle East and Bush's Bilateral Free Trade and Investment Crusade". Available at www.bilaterals.org. Recently, the American Charge d'Affairs explained in Amman that "it has become a priority...to provide our strong support for movements for reform within that are working to change the conditions that give rise to extremism and terror". Leyne Jon "Jordan Fears Loss of US Favour" 25 April 2005. Available at www.bbcnews.com (Last visited 25 April 2005).

¹⁰² For full text of US-Jordan FTA visit http://www.jordanusfta.com/free_trade_agreement_text_en.asp

¹⁰³ Such as the Annexes on Tariff Elimination, Services and Reciprocity Requirements.

¹⁰⁴ Including the Memorandum of Understanding on Issues Relating to Intellectual Property Rights, Memorandum of Understanding on Transparency in Dispute Settlement, Joint Statement on World Trade Organisation Issues and Joint Statement on Electronic Commerce.

- *TRIPS-Plus Provisions under the US-Jordan FTA*¹⁰⁵

The importance of protecting IPRs between both countries was clearly emphasised in the Agreement's Preamble that states inter alia "desiring to foster creativity and innovation and to promote trade in goods and services that are the subject of intellectual property rights".¹⁰⁶

Accordingly, under this FTA, Article 4¹⁰⁷ deals with the protection of IPRs and followed by 29 detailed provisions dealing respectively with trademarks and geographical indications, copyrights and related rights, patents, measures related to certain regulated products, enforcement matters, and transition periods.

Although the WTO's TRIPS Agreement was adapted as the main framework for the US-Jordan FTA, like the Jordan-Euro AA,¹⁰⁸ the FTA with the US contained tougher and more extensive protection standards for IPRs than required by the WTO rendering it a TRIPS-Plus agreement. Following are a preview for these provisions related to that formula:

First, the Agreement forces Jordan to accede to a number of international agreements related to the protection of IPRs.¹⁰⁹ As known, member countries to the WTO are not

¹⁰⁵ For a comprehensive discussion and definition of the 'TRIPS-Plus' effect see previous chapters.

¹⁰⁶ US-Jordan FTA, Preamble.

¹⁰⁷ Further, the Agreement is supplemented by an extensive Memorandum of Understanding concerned with the protection of IPRs.

¹⁰⁸ Yet, the FTA with the USA went much further to build protection for IPRs than both the WTO and the Euro-Jordan Agreements: "Under the FTA with the USA, we were asked to do much more and accept much stricter terms than under the WTO or even the EU Association Agreement... more rules were put on us due to PHARMA pressure, the main lobbying and representative groups for US pharmaceuticals" [Interview with general Secretary of Jordanian Pharmaceutical Association, Amman, July 1, 2003]. In addition to adopting the WTO's TRIPS as the main framework, the FTA with the US tightened the marketing approval process by linking it to the complex US regulations and standards. It also called for the need to notify the identity of any third party requesting marketing approval effective during the term of the patent. It also added another clause stating that "protection for new chemical entities shall also include protection for new uses of old chemical entities for a period of three years", to be added to the five-year protection period already given for registering a new brand. These changes were to be fully implemented within two years of ratification of this agreement by the governments of both countries in 2002.

¹⁰⁹ US-Jordan FTA, Article 4.1 These agreements include the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (1999), the International Convention for the Protection of New Varieties of Plants (referred to as the UPOV Convention of 1991 which must be ratified within one year from signing the FTA {Article 29.b}), the WIPO Copyright Treaty (referred to as the WCT of 1996), and the WIPO Performances and Phonograms Treaty (Referred to as the WPPT 1996). The WCT and WPPT are to be ratified by Jordan within two years from signing the FTA

obliged to ratify such agreements as part of their commitments and obligations towards the WTO. These are additional agreements that contain TRIPS-Plus provisions which were designed to be compatible with the levels of protection under the more advanced and developed countries. Such accession is a clear TRIPS-Plus clause.

Second, on the issue of trademarks and geographical indications, the US-Jordan FTA requires Jordan to treat the protection of geographical indications the same as the protection of trademarks. It also requires Jordan to provide protection for Certification Marks.¹¹⁰ Both these requirements are not echoed under the TRIPS Agreement hence they constitute a TRIPS-Plus requirement.

Regarding the recordal procedures of trademark licenses, the FTA drops the requirement of such recordal to establish the validity of a license,¹¹¹ whereby the situation under the TRIPS Agreement was left out entirely for the member states to organise and regulate this matter.¹¹² Such forgoing of discretion under this FTA is a clear TRIPS-Plus requirement.

Moreover, the US-Jordan FTA extends the protection of 'well-known marks' to new heights. The agreement proposes the elimination of the traditional test under trademark law that requires the use of a word or symbol to create consumer confusion before that use can be prevented by the trademark holder.¹¹³ This will provide trademark owners (especially the 'well-know trademark' owners) with the right to prevent the use of a word or symbol (even if it is not registered) in any county by merely showing that the relevant purchasers of the trademark owner's product in the

(Article 29.a). However, Article 4.2 also encourages member states of the agreement to join the Patent Cooperation Treaty PCT (1984) and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989).

¹¹⁰ US-Jordan FTA, Article 6. Certification Marks are 'trademarks or service marks used to indicate that a product or service meets certain standards of quality or regional origin'. Black's Law Dictionary, (Bryan A. Garner rd., 6th ed., West 1996).

¹¹¹ US-Jordan FTA, Article 9 stipulates "neither party shall require recordal of trademark licenses to establish the validity of a license or to assert any rights in a trademark".

¹¹² TRIPS Agreement, Article 21.

¹¹³ US-Jordan FTA, Article 4.8 state "Article 6bis of the Paris Convention for the Protection of Industrial Property 1967 (Paris Convention), shall apply, *mutatis mutandis*, to goods or services which are not similar to those identified by a well-known trademark., whether registered or not, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the trademark and provided that the interests of the owner of the trademark are likely to be damaged by such use".

country in question are familiar with the trademark. The likely outcome of such extension of rights will result in threatening the free speech rights of consumers and commercial competitors thus eroding civil and human liberties.

Third, regarding the enforcement of the rights against infringers of trademarks and copyrights, the US-Jordan FTA provides member states with the right to initiate criminal proceedings and border measures against infringers even in the absence of a formal complaint,¹¹⁴ a situation contrary to that under the TRIPS Agreement.

Moreover, the agreement does not differentiate between commercial and non-commercial copying or re-production of these rights,¹¹⁵ which has an effect resulting in criminalising and modifying certain options or alternatives awarded for member states under the TRIPS Agreement such as non-commercial and educational re-production and copying of copyrighted materials.¹¹⁶

Fourth, although the TRIPS Agreement provides its member countries with the option of protecting plant and animal varieties from patentability within their domestic legislations, the US-Jordan FTA denies Jordan that right by demanding that Jordan must provide such protection in its patent law.¹¹⁷

Fifth, the Agreement also contains a Memorandum of Understanding that also contains TRIPS-Plus provisions. For example, it is suggested that the member countries to this bilateral agreement must provide “adequate and effective protection” and “enhanced intellectual property rights to account for the latest technological

¹¹⁴ US-Jordan FTA, Article 4.26.

¹¹⁵ US-Jordan FTA, Article 4.28 stipulates “each party shall provide that copyright piracy involving significant wilful infringements that have no direct or indirect motivation of financial gain shall be considered wilful copyright piracy on a commercial scale”.

¹¹⁶ See TRIPS Agreement, Article 13. These are often labelled as the ‘fair use’ exceptions. Correa warned of the introduction of such restrictive clauses within these bilateral agreements which are not part of TRIPS. He states that “Most worryingly, perhaps, technological measures can erect barriers to accessing knowledge that is *not* subject to intellectual property protection, but lies in the public domain. For example, a regime introduced in Europe for protecting investment in the development of databases requires authorisation by or payment to the database owner for extracting information, whether such information is in the public domain or not”. Carols, Correa (2004) “How Intellectual Property Rights Can Obstruct Progress” Science and Development Network, 4 April 2005. Available at www.scidev.net. (Last visited June 2005).

¹¹⁷ US-Jordan FTA, Art 4.18, 4.21, 4.29(b).

developments”¹¹⁸ without any definition or reference to these levels of protection. Such a loosely adapted definition is bound to raise some eye brows and concerns for a country like Jordan in the near future taking into consideration the immense speed at which technologies are being developed and advanced in today’s technological environment. Hence, the imposition of such a restriction on the freedom of countries can only have a negative and adverse effect on a poor and export-oriented country like Jordan.

Sixth, although the TRIPS Agreement demand from its member states to provide statutory criminal penalties against infringers of IPRs, the US-Jordan FTA forces Jordan to raise its criminal penalties to approximately 9000\$ in cases of trademark and copyright infringement,¹¹⁹ almost double the penalties which were already provided under the 1999 Jordanian Trademark Law.¹²⁰ While such levels of punishment may be adequate for a rich country enjoying high levels of income and prosperity such as the United States, this may not be appropriate for a developing country such as Jordan where official unemployment figures stands around 15% accompanied with a very low national annual income rate.¹²¹

Seventh, the TRIPS Agreement provide member states with the right to define and regulate what is meant by ‘use’ for infringement matters within their respective legislations. However, the US-Jordan FTA incorporates its own definition of what is meant by ‘use’ hence considering any ‘use’ for importation no matter how insignificant it is in quantity or value as an infringement.¹²²

Eighth, the US-Jordan FTA also demands that Jordan change its patent law in dealing with a number of issues. One of these issues is that Jordan must clarify that the

¹¹⁸ US-Jordan FTA, Memorandum of Understanding on Issues Related to the Protection of Intellectual Property Rights.

¹¹⁹ US-Jordan FTA, Memorandum of Understanding on Issues Related to the Protection of Intellectual Property Rights, Section 3 states “Jordan shall raise its criminal penalties to JD 6000, so as to meet its obligation to ensure that statutory maximum fines are sufficiently high to deter future acts of infringement”.

¹²⁰ Jordan Trademark Law 1999, Article 38.

¹²¹ However, unofficial employment figures stand estimates around 25-30%. See Jordan Times ‘Unemployment Survey Results to be Released in July’ May 31st 1999.

¹²² US-Jordan FTA, Memorandum of Understanding, Art 4 state “Jordan shall take all steps necessary to ensure that where ‘use’ is defined in certain measures as importation ‘in large quantities at reasonable prices’, such conditions on importation shall be deleted”.

exclusion of 'mathematical methods' provided under the Jordanian Patent Law¹²³ does not include such 'methods' as business methods or computer related inventions.¹²⁴

Moreover, on the issue of compulsory licensing, the Agreement re-drafts such provisions by confining them to more specified cases rather than, as in the case of TRIPS, placing conditions on the use of compulsory licensing. Hence undermining the public health and safety measures a country may resort to in cases of national emergencies.¹²⁵

Ninth, the US-Jordan FTA provides that a Joint Committee to be established to supervise the proper implementation of the agreement.¹²⁶ The Committee will be considered as forum of permanent dialogue between the US and Jordan. Such a Committee may oblige the weaker state to adhere and modify its IPRs regime periodically, hence eroding the sovereignty of the weaker member country and therefore resulting in a further TRIPS-plus requirement. Additionally, serious concerns are being raised against the undemocratic and non-transparent role and nature of the decision making process under such a Committee.¹²⁷

8. Implications

The US-Jordan FTA has tremendous influence over the Jordanian IPRs regime. As its predecessor bilateral trade initiatives and agreements, it piles up further obligations on

¹²³ 1999 Jordan Patent Law, Article 4.b.

¹²⁴ US-Jordan FTA, Memorandum of Understanding, Article 5.

¹²⁵ This particular provision has been subject to further criticism from other Arab neighbouring countries which are currently negotiating similar free trade agreements with the US. For example, in a press release, the Egyptian Initiative for Personal Rights urged the Egyptian government who is currently seeking an FTA with the US not to sign similar accords to that one signed with Jordan. The press release states that "We hope that Egypt will not join other countries in the region, such as Jordan and Morocco, who failed to defend their citizens' rights in bilateral agreement with the US in the face of severe pressures from American companies and state officials." Egyptian Initiative for Personal Rights, Health and Human Rights Program, Press Release-14 February 2005. Available at <http://www.eipr.org/en/press/05/1402.htm>. (Last visited February 2005).

¹²⁶ US-Jordan FTA, Memorandum of Understanding, Art 15.1 stipulates "a Joint Committee is hereby established to supervise the proper implementation of the Agreement and to review the trade relationship between the parties".

¹²⁷ See Commission on Intellectual Property Rights, Drahos, Peter (2002) "Developing Countries and International Intellectual Property Standard-Setting". Report presented to the IPR Commission, 2002, at 18.

Jordan that requires the incorporation of tougher and enhanced levels of IPRs protection than that of what is expected from it under the multilateral TRIPS regime. It also affects Jordan's ability to adopt the safeguards provided under the TRIPS Agreement thus affecting its decision-making process and sovereignty when dealing with its national agenda.

Increasingly, emerging empirical studies shows that the expected economic gains from such bilateral initiatives are also being overestimated and its losses are undermined. A simulation study in the latest World Bank Report,¹²⁸ estimates that a broad global trade agreement could increase world income by 263\$ billion by 2015, of which 109\$ billion would go to poor countries. If developing countries all had bilateral agreements with big rich trading partners (the EU, US, Canada and Japan), global income would rise by much less: 112\$ billion. The rich will scoop all this and more, 133\$ billion. Although a handful of developing countries, such as Brazil and China, would gain a bit, poor nations as a group would be worse off than they are today.

Indeed, the above study relates to the Jordanian case in essence that there is little evidence that Jordan's subsequent bilateral agreements have resulted in substantial economic advantages.¹²⁹

Moreover, when one analyses the historical development of the Jordanian IPRs regime, several conclusions can be drawn. These however, may relate to a large number of developing countries and may not be confined solely to the Jordanian experience. A primary conclusion proves that most of the changes brought to the Jordanian IPRs regime throughout its existence were either imposed upon the country through colonial powers or were adopted under tremendous levels of pressure exerted from abroad as evidently seen from the recent bilateral free trade agreements with Jordan.

¹²⁸ See World Bank Report (2005) *Global Economic Prospects*, Washington, WB.

¹²⁹ For more see Malkawi, Bassam (2004) "The US-Jordan FTA: Defogging the Myth". Available at www.bilaterals.org, (Last visited December 2004). In addition, Stiglitz supports this claim by stating that "Few countries would benefit from signing bilateral trade agreements. Most are left with false hopes and dreams that by signing the agreements, there will be a flood of US firms coming to invest." Yuthamanop (2005) "Stiglitz raps bilateral trade pacts" Bangkok Post, 10 January 2005, also available at www.bilaterals.org. (Last visited January 2005).

This may also be attributed to the general lack of awareness which most developing countries enjoy regarding the issue of protecting IPRs. Because of their weak comparative advantage in this field, developing countries including Jordan ignored the issue of protecting IPRs and focussed primarily on other priorities hence the evident lack of any national agenda for the protection and regulation of IPRs.¹³⁰ This explains partly the shared rationale behind some developing countries' response to external pressures exerted on them to enhance and strengthen the protection of IPRs domestically which they often used as a bargaining tool to obtain further concessions related to other economic sectors in exchange for enhanced protection of IPRs.

- Conclusion

This chapter shed light on the historical development of the Jordanian IPRs regime. It also gave a preview about the country's development during the last century and its historical, judicial and economic characteristics and features.

The Jordanian IPRs regime embodies ideally the United States' international vision towards the enhancement of IPRs protection worldwide.¹³¹ As was demonstrated, the US policy in this regards follows a clear and well-executed pattern.¹³² In the case of Jordan, such a vision was achieved gradually. The starting stage was placing the country on the 'watch' and 'Priority' Lists of Section '301' of the US Trade Act

¹³⁰ In this regard, the Arab Human Development Report published by the United Nations advocated the creation of incentives to encourage creativity and innovation in the Arab World through the protection of IPRs. For more see the "Human Development Report 2002", the United Nation's Development Programme: *Creating Opportunities For Future Generations*, Arab Fund for Social and Economic Development.

¹³¹ As mentioned earlier, it is also important to take into consideration the political connotations related to these agreements. Murphy remarks on this by stating that "...That teaches us that each U.S. free trade agreement has its own political and economic objectives. The Israel Agreement is less a meticulous correlation of trade openings than a declaration of special relationship. NAFTA is both a meticulous trade correlation and a prototype of Western Hemisphere integration that in many respects the Chile Agreement follows. The originalities of the Singapore and Jordan Agreements show the leeway to negotiate more innovative texts outside the Western Hemisphere, the intricate Singapore Agreement defining a sophisticated trade relationship between two high-technology parties, and the simpler Jordan Agreement formulating a nurturing relation between the United States and a less-developed protégé". Murphy, Ewell (2004) "Charting the Transnational Dimension of Law: U.S. Free Trade Agreements as Benchmarks of Globalization" 27 *Houston Journal of International Law* 1, 47-71.

¹³² For a discussion see Drahos, Peter (2001) "BITS and BIPS-Bilateralism in Intellectual Property" 4 *Journal of World Intellectual Property* 6, 791-808 and Price, David (2004) "The US-Bahrain Free Trade Agreement and Intellectual Property Rights" 7 *Journal of World Intellectual Property* 6, 829-850.

during the 1990s for its failure to provide adequate and appropriate levels of IPRs protection. This was supplemented by the signing of the US-Jordan Bilateral Investment Treaty (BIT) and the US-Jordan Trade and Investment Framework Agreement (TIFA) in 1997 which laid down the foundations for the treatment of IPRs as an 'investment' issue and called for providing such rights with the 'highest international standards' of protection. In addition, the US also supported the country's admission to the WTO¹³³ and eventually completed its TRIPS-Plus creation plan by the signing of the US-Jordan FTA in 2000 that provided for higher levels of IPRs protection above these required under the existing international norms of protection.¹³⁴

In addition, this chapter delved into the historical development of the Jordanian IPRs regime from its early days of birth until recently with reference to the development of the various branches of IPRs including copyrights, patents and trademarks. It was realised that from its early days, the Jordanian IPRs regime was subjected to a great deal of foreign influence.

Moreover, this chapter shed light on Jordan's route of accession to the WTO and its TRIPS component. It referred to the measures which were undertaken by the country to facilitate its accession to the agreement. Moreover, this chapter gave a detailed analysis of the TRIPS Agreement's influence over the Jordanian trademark regime and the major changes that occurred upon that regime as a result of Jordan's accession to the WTO.

Additionally, this chapter displayed the various attitudes that prevail in the country towards the protection of IPRs. There seems to be a general lack of understanding and awareness about the benefits and challenges of IPRs protection hence the explanation for the lack of any clear and self initiated national agenda in dealing with matters relating to IPRs.

¹³³ Jordan's admission to the WTO was in 1999.

¹³⁴ In recent times, having a bilateral agreement with the USA came to represent a privileged position for the member country part of that agreement. This is also manifested by some US officials. For example, Zoellick, the USTR Trade Representative stated that "*negotiating a free trade agreement with the US is not something one has a right to—it's a privilege*". In a speech to the Washington Institute for International Economics. Quoted from Solo, Toni (2003) "Robert Zoellick's Free Trade Evangelism". Available at www.corpwatch.Com. (Last visited November 2003).

More importantly, this chapter studied the evolution of the Jordanian TRIPS-plus model and its components. It was clarified that such a model was achieved through a web of bilateral trade and investment agreements including the EU-Jordan AA, the US-Jordan BIT and finally the US-Jordan FTA. Such arrangements, it was shown, imposed tougher requirements on the Jordanian IPRs regime than those expected from the country under the multilateral framework as embedded by the WTO. Such imposition will affect the country's independent decision-making process and will result in further impediments towards its development and success. The need for a clear and verified national agenda to encourage and enhance creativity is important and should come hand in hand with the protection of IPRs.

Chapter Six

Conclusion

- Summary

This thesis looked at the historical and legal evolution of trademark protection. It also looked at the functions of trademarks and the rationale given to justify such protection. In today's world, trademark protection represents one of the most dynamic and volatile branch of IPRs. This may be attributed to the fast-changing nature of such legal specialisation and its universal affiliation with multinational companies and huge sums of investment. In this regard, the expanding role and protection of trademarks within society as a result of the rise of branding and marketing techniques has been a notable feature of the development and evolution of this branch of intellectual property.

The legal justification behind trademark protection is based on the protection of the public against source and origin deception. Such a function proclaims that a trademark is a device to indicate the origin and source of a certain product or service through its informative value about the source of a certain product, thus creating a tie between the brand and the product, or what some refer to as the notion of 'conceptualisation'.¹

Although this function has long been acknowledged, practical and economic realities led to the evolution of new trademark functions based on economic rationales and justifications. Accordingly, some argue that the main function of trademarks is the quality function or as some refer to it as the "guarantee function". This function emerged as an outcome of trademarks' response to changing socio-economic conditions. The evolution of new ways of conducting trade and business also facilitated this change in the functions of trademark.

The guarantee function means that a product symbolises qualities associated by consumers with certain goods or services and guarantees that the goods or services

¹ Sanders, Anselm and Maniatis, Spyros (1993) "A Consumer Trade Mark: Protection Based on Origin and Quality" 11 *E.I.P.R.*, 406-415.

measure up to expectations.² While neglected from a legal standpoint, this function has often been praised as the most appropriate function for the protection of trademarks because of its practical and economic characteristics.

In addition, others regard the 'advertising function' of trademarks as the most important one. This function has been viewed as a cumulative result of its origin and quality functions. The advent of branding, franchising and marketing played a pivotal role in the development of trademarks' legal protection. The legal coverage for the protection of this function through the 'dilution' doctrine also represents a clear extension of the boundaries of trademark protection as a result of the successful attempts made by trademark owners to push for broader levels of protection.³

The pace in which the legal thought surrounding this field of study has developed can also be considered as one of its strengths. Although trademark law has generally been able to accommodate the emerging developments in this field constantly, one must not neglect the important and vital role the judiciary and other existing legal regimes play in dealing with the emerging new issues such as those related to domain names, merchandising, trade dress, and consumer protection.⁴ In fact, there are growing calls for the judiciary to take a more active role in becoming a 'norm creator' in the field of trademarks rather than merely an 'enforcer' for those rights.⁵

When dealing with trademark law at the international level, it is important to take into account the perceptions surrounding the protection of this branch of law. For instance, the general perception in developing countries is to focus on priorities related to the pressing needs of economic development, therefore these countries still view IPRs in general and trademarks in particular as a 'tool of western economic domination and

² Cornish, William (1996) *Intellectual Property* London, 3rd Edition, Sweet and Maxwell. at 530.

³ Pickering refers to branding as "The name used to identify a type of product made by a particular manufacturer, which can in fact be seen as the final stage in the process whereby goods or services are presented to customers". Pickering, C (1998) *Trade Marks In Theory and Practice*. Oxford, Hart Publishing, at 41.

⁴ Mira proclaims that "The courts' role in the history of trademark law seems far more significant than the statutes". Wilkins, Mira (1992) "The Neglected Intangible Asset: the Influence of the Trade Mark on the Rise of the Modern Corporation" 34 *Business History* 1, 66-95, at 77.

⁵ See Lemley, Mark and Dogan, Stacy (2004-2005) "Trademarks and Consumer Search Costs on the Internet" 41 *Houston Law Journal*, 777-838.

exploitation”.⁶ Such a view may be unparalleled in the developed countries which view IPRs generally and trademarks particularly as a vital tool for economic development and prosperity.

Although often attacked collectively, it would be a mistake to treat all forms of IPRs as a unified and homogenous group of rights. Accordingly, it would be a mistake to judge and treat IPRs as one set of rules. Therefore, the ever increasing importance and the proliferation of trademarks in international and domestic commerce, which is remarkable in its own way, should not be overshadowed by the current discussions concerning patents and copyrights.⁷

In the future, I anticipate a greater role for trademark law.⁸ Emerging trends are reflective and supportive of such a view. The constant push by trademark owners to expand and widen the boundaries of trademark protection is a noticeable feature of this trend. Increasingly, trademark owners are advocating protection against use of similar marks even when there is no confusion. In addition, they are arguing for the expansion of trademark subject-matter and they are pushing for the relaxation of controls over licensing and merchandising.⁹ Moreover, the emergence of electronic commerce and the sale of goods over the internet have given rise to new issues such as the relationship between trademarks and domain names which has already prompted legislative and judicial involvement in this field.¹⁰

⁶ See Leaffer, Marshall (1998) “The New World of International Trademark Law” 2 Marquette Intellectual Property Law Review, 1-31, at 4.

⁷ Some suggest that trademark is a distinctive branch of property that does not belong to the family of intellectual property. Merges comment on this by stating that “In fact, conventional wisdom would have it that trademark law has long been an odd fit in the great triumvirate of intellectual property”. See Merges, Robert (2000) “One Hundred Years of Solitude: Intellectual Property Law, 1900-2000” 88 California Law Review, 2187-2240, at 2206.

⁸ The number of trademark registrations globally has been on the rise. For example, the number of trademark registrations worldwide in 1967 was 400,000, by 1992; registrations totalled 1,200,000, a three fold increase. Moreover, in 2017 it has been predicted that we will see well over three million trademark filings in over 150 trademark offices. See Leaffer, Supra 6, at 5 and 25.

⁹ See Swann, Jerre and Davies, Theodore (1994) “Dilution: An Idea Whose Time Has Gone. Brand Equity as Protectable Property, the New/Old Paradigm” 84 Trademark Reporter 267.

¹⁰ See Dogan and Lemley, Supra 5, and Lemley, Mark (1998-1999) “The Modern Lanham Act and the Death of Common sense” 108 Yale Law Journal, 1687- 1715.

Although those attempts by trademark owners have not completely succeeded,¹¹ one must not neglect the negative effect such attempts will have on the welfare of society and the public domain. As seen, such attempts are increasingly hindering and curtailing the freedom of speech, human rights and free competition.

In addition, the lucrative indefinite legal protection period provided by trademark law has awarded such a branch of IPRs with a unique advantage. The fact that other types of IPRs are confined and time-specific¹² will have the likely outcome of 'channelling' other protected intellectual property products and services under the umbrella of trademark protection hence reaping the benefits of such an indefinite protection device. One only needs to take a look at the latest evolving trends in the pharmaceutical industry to realise the growth of such a phenomenon. Increasingly, pharmaceutical companies are investing more in the marketing and promotion of their patented drugs through linking such products with distinctive trademarks and trade names thus enabling them to enjoy further levels of protection under trademark law once patent protection elapses.

However, unless a major re-thinking process that calls upon the reliance on the basics of trademark law protection as a consumer protection tool takes place, those continuing attempts by trademark owners to expand their rights and restrict the public domain are likely to succeed. What may add to this belief, is the fact that the opponents of extending trademark protection (consumers) are often less influential while at the same time the proponents for such protection have the resources and political will to achieve such extended levels of protection.¹³

¹¹ See *Boston Professional Hockey Ass'n., Inc., V Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1012 (5th Cir.) 423, U.S 868 (1975). However, recently there has been a noticeable retreat especially in the US towards shifting the focus on the interest of the public rather than the protection of trademark owners. For more see Dogan, Stacey and Lemley, Mark (December 2004) "The Merchandising Right: Fragile Theory or Fait Accompli?" Stanford Public Law Working Paper No. 105, available at <http://ssrn.com/abstract=636872>, and Dogan, Stacy (2002-2003) "An Exclusive Right to Evoke" 44 Boston College Law Review, 291-322.

¹² For example, patents are protected for 20 years and copyrights are protected for the life of the author plus 50 years while trademarks are protected for an initial period of seven years renewed indefinitely. See Diamond, Sidney (1982) "Properly Used, Trademarks Are Forever" 68 American Bar Association Journal, 1575-1579.

¹³ Denicola supports this by explaining that "It is tempting to attribute the recent expansion of private rights to the size and political power of trademark and copyright owners. It was no coincidence, for example that the 20 year extension of the copyright term in time to save Mickey Mouse from falling into the public domain in 2004, but this political explanation may be generally true for trademarks than for copyrights...The users of others trademarks, however, are less likely to be either influential or

The thesis went beyond looking at the relevant provisions related to the protection of trademarks under a number of multilateral, regional, bilateral and national legislations and arrangements. In this regard, a thorough review of the provisions related to trademark protection under GATT, TRIPS, the US-Jordan FTA Agreements and the Jordanian Trademark Law was undertaken. This was also supplemented by a brief review of some of the provisions related to other types of IPRs under a number of bilateral, regional and multilateral arrangements.

Moreover, this thesis traced back the historical roots of modern bilateralism in the field of IPRs. Unilateral and bilateral efforts by a number of developed countries including the US and the EU were also scrutinised. A connection between such efforts and the inclusion of the protection of IPRs under the multilateral framework of the GATT Agreements was devised. In addition, the strategy of 'forum shifting' in the field of IPRs and the rise of the TRIPS-Plus recipe, its genesis and how it's being achieved was also analysed thoroughly by this thesis.

- Findings

Jordan represents a unique case study in the field of IPRs. This can be justified because of a number of important reasons. Most importantly, Jordan represents an interesting case study in this field because of the spectacular pace in which the country has transformed its IPRs regime within. In addition, Jordan not only was the first Arab country to sign a bilateral free trade agreement with the United States, but the free trade agreement itself was the first agreement incorporating extensively a number of provisions related to IPRs protection, labour and the environment. Hence, Jordan has important lessons to offer other developing countries embarking on such a path of signing both multilateral and bilateral agreements.

sympathetic. But whatever the imbalance in political power between owners and users of intellectual property, it is too longstanding to account for the recent rush towards protection". Denicola, Robert (1998-1999) "Freedom to Copy" 108 Yale Law Journal, 1661-1986, at 1683-84.

This thesis found that the functions of trademark have been subject to controversy. Such is partly attributed to the confusion surrounding the nature of the 'property right' under IPRs in general and of trademarks in particular. Additionally, it has been found that the protection of trademarks has been a key factor in enhancing the protection of other types of IPRs. In this regard, the pre-Paris Convention and the pre-Uruguay Round bilateral and international initiatives and arrangements evolving around the protection of trademarks represent a clear demonstration of such a trend.

Western-based interest groups played a major role in the inclusion of the protection of IPRs under the ambit of the world multilateral framework. This was also achieved by the inexorable official support from the developed countries' governments for such a cause. The emergence of the trade-linkage factor of IPRs and the implementation of a unilateral and bilateral agenda to force the developing countries to upgrade their IPRs laws and regulations must also be viewed in conjunction with such a campaign.

The creation of a web of countries willing to oblige and commit their legal regimes to further levels of IPRs protection beyond TRIPS is an outcome of the pressure exerted by some of the developed countries. Under the lure of financial assistance, economic aid and foreign direct investment, several developing countries committed themselves to the creation of undemocratic, non-transparent and short-sighted bilateral arrangements with the developed countries. This led some to claim that "the IPRs regime we have today largely represents the failure of democratic processes, both nationally and internationally".¹⁴

Not happy with the pace of reform under the multilateral TRIPS framework, developed countries resorted to new tactics, such as the establishment of new 'fora' for the discussion of IPRs outside the multilateral framework of the WTO and its TRIPS Agreement.

Such a tactic is not unprecedented in the history of global IPRs protection. Historically speaking, attempts by the developed countries to shift the debate on IPRs from one forum to another bore fruit. The crippling of UNCTAD and the marginalisation of

¹⁴ See Braithwaite, John and Drahos, Peter (2003) *Information Feudalism: Who Owns the Knowledge Economy?* New Press, New York, at 12.

WIPO by the inclusion of IPRs under the GATT agenda, followed by the current wave of re-channelling such a debate to a more bilateral set-up, is supportive of this claim and can only be viewed as a part of this well-crafted approach.

Shifting the debate to new bilateral fora can result in greater benefits to the developed countries especially in the field of IPRs protection. Since any modification or strengthening of IPRs under the multilateral trading system proved difficult to achieve due to the growing opposition and public outcry against such moves, bilateral fora represent an ideal opportunity to bring about the desired changes. The subsequent failure of the Seattle Conference and the current stalemate in the negotiations after the Cancun Conference has triggered and encouraged the developed countries' further pursuance of such a policy.

The outcome of such a forum-shifting policy is the emergence of the 'TRIPS-Plus' recipe. Such a recipe is achieved through a number of bilateral arrangements including bilateral free trade agreements, bilateral investment agreements, bilateral cooperation agreements and bilateral IPRs agreements. These policies echo and strengthen the belief that the developed countries have reneged upon the promises they undertook during the Uruguay Round of Trade Negotiations, which stated that if IPRs were included under the multilateral forum, the developed countries will not resort to unilateral and bilateral measures to force stronger implementation of these rights upon the developing countries.

It has been found that TRIPS-Plus provisions are working against the interest of the developing countries. By giving up the transition periods awarded to them, forgoing the flexibilities of the TRIPS Agreement and fostering the creation of a heavily regulated and biased international IPRs regime, developing countries are increasingly finding themselves jeopardising their national interests and resources.

Targeting and subjecting developing countries to unilateral trade and economic sanctions and 'bullying' them if they fail to provide the desired levels of IPRs protection instead of assisting them in building their national industries and developing their economies to competitive levels can only have grave repercussions for these countries and for the world multilateral agenda. For example, in the field of

trademarks, TRIPS-Plus provisions related to the strengthening of the protection awarded to “Well-Known Marks” threaten the free speech rights’ of consumers and commercial competitors in these countries. Such is being achieved by eliminating the traditional test under trademark law that requires a use of a word or symbol to create consumer confusion before that use can be prevented by the trademark holder. Additionally, the protection period of trademarks had also been enhanced¹⁵ while criminal and civil remedies are clearly strengthened beyond the requirements of the TRIPS Agreement.

Moreover, TRIPS-Plus provisions related to the protection of copyrights and patents will constrain the public in both the developing and developed countries from benefiting of the TRIPS Agreement’s flexibilities regarding the doctrine of ‘fair use’ while restricting developing countries from resorting to compulsory licensing and parallel importation in situations of national health emergencies which will prevent those countries from eradicating disease epidemics and will hinder their national long-term development.

As often mentioned, there seems to be a clear lack of understanding about the importance and impact of stronger IPRs protection in developing countries. This leads to negative and sceptical views surrounding the protection of such rights especially in those countries. For achieving the full desired goals of any IPRs system, increased efforts in reaching out and helping those countries to educate and spread the values of these rights must be exercised.

Successful enforcement stems from respect rather than fear. Since it is not easy for poor countries to resist this pressure from the world's superpowers, especially when they face financial and economic difficulties, what is needed is comprehension and understanding rather than the use of coercion and force. If history is anything to go by, precedents related to such coercive policies have already proved its failure in the past.¹⁶

¹⁵ Under Article 18 of the TRIPS Agreement, trademarks are to be renewed every 7 years indefinitely. However, under some bilateral trade agreements such as the US-Vietnam FTA, Chapter 2.6 (8) and the US-Bahrain FTA, Article 14.2 (10), this period is extended to 10 years renewable indefinitely.

¹⁶ For more see Stiglitz, Joseph (2002) *Globalisation and its Discontents*. Allen Lane, Penguin Press.

The regulation of IPRs should run parallel to each country's level of development and prosperity. Historical evidence also suggests that this was the path the developed countries themselves followed when protection of IPRs was very poor during their early years of development and economic transition. Hence, by opting for rapid transformation of IPRs protection in the developing countries, the developed countries are lending themselves to hypocrisy by forcing and obliging developing countries to provide higher levels of IPRs while when going through the same stage of development and experience, developed countries failed to do so.¹⁷

Free trade should also echo and incorporate 'fair trade' mechanisms. All countries regardless of their stage of economic development must act as 'fair followers' to the established and agreed upon multilateral regime. Otherwise, the world multilateral economic and trade agenda will find itself facing moral dilemma. By bypassing these rules which were achieved at the multilateral level through unilateral and bilateral arrangements and activities will bear little benefit for the majority of countries especially developing countries.

Indeed such a proposition is supported by empirical evidence. Recent studies show that the expected economic gains from such bilateral initiatives are being overestimated and its losses are underestimated. A simulation in a recent World Bank Report,¹⁸ estimates that a broad global trade agreement could increase world's income by \$263 billion by 2015, of which \$109 billion would go to poor countries. If developing countries all had bilateral agreements with big rich trading partners (the EU, US, Canada and Japan), global income would rise by much less: \$112 billion. The rich will scoop all this and more, \$133 billion. Although a handful of developing countries, such as Brazil and China, would achieve small gains, poor nations as a group would be worse off than they are today.

¹⁷ Duffield quips "historical evidence strongly suggests that by depriving developing countries of the freedom to design IP systems as they see fit, the rich countries are, to use the title of a recent book by Hajoon Chang, "Kicking Away That Ladder", after they have scaled it themselves". Duffield, Graham and Suthersaten, Uma (2004) "Harmonisation or Differentiation in IP Protection: The Lessons of History" QUAKER UN Office, Occasional Paper 15, at 6.

¹⁸ See World Bank Report (2005) *Global Economic Prospects*. Moreover, Hallward-Driemeier concludes that countries signing bilateral investment treaties were no more likely to receive additional foreign direct investment than countries without such a pact. For more see Hallward-Driemeier, Mary (2003) "Do Bilateral Investment Treaties Attract Foreign Direct Investment? Only A Bit...And They Could Bite" Policy Research Working Paper 3121, World Bank, Washington DC.

- Recommendations

In facing up to such challenges, developing countries must establish their own defence mechanisms. Therefore a number of recommendations can be made in this regard in relation to the international protection of IPRs.

First, developing countries must learn from each other's experiences. The case of Jordan is a good example of how countries are being targeted and pressured to succumb to higher levels of IPRs under the threat of trade sanctions or in return for financial aid. Such temptations are often time-limited and subject to political considerations unlike the implementation of the actual agreements themselves which are non-reverse and tend to burden the country with indefinite commitments and obligations.

Second, when regulating IPRs, special attention must be paid to each country's specific development needs and priorities. Such a process must also take into consideration the wider social, economic, legal and cultural characteristics and sensitivities of each individual country.¹⁹

Third, developing countries must also unite their efforts and block any bilateral or regional arrangements that tend to incorporate TRIPS-Plus provisions against their well being.²⁰ A sound and fair multilateral forum that provides equal treatment and a clear and explicit level of protection is the best guarantee for the interest of the developing countries. Such a recommendation corresponds with and is supported by the growing number of recent calls which warn of the negative effect of bypassing and abandoning the multilateral framework in favour of a bilateral approach. For example,

¹⁹ The IPRs Commission Report recommends "Developing countries and donors should work together to ensure that national IP reform processes are properly "joined-up" with related areas of development policy. Likewise, greater efforts are needed to encourage more participation by national stakeholders in IP reforms. In providing technical assistance, donors must be mindful of the need to help build the capacity of local institutions to undertake IP policy research and dialogue with stakeholders, in addition to providing international experts and legal advice". The IPRs Commission Report 2002 "Integrating IPRs and Development Policy" Report of the Commission on IPRs, London, available at www.iprscommission.org, at 140.

²⁰ Drahos suggest that "trade policy bodies/institutes within developing countries should investigate the feasibility of forming a developing country Quad" that works towards unifying and defending the position of the developing countries in the international framework. See Commission on IPRs, Drahos Peter, Study Paper 8 "Developing Countries and International Intellectual Property Standard-Setting". Report presented to the IPR Commission, 2002. [Hereinafter the IPRs Commission Report].

the IPRs Commission Report concludes that “higher IP standards should not be pressed on developing countries without a serious and objective assessment of their development impact”.²¹

Fourth, specialised agencies which are capable of providing IPRs advice and assistance should play a greater role in doing so. They must exert all efforts possible to retain their credible position as true democratic and transparent bodies which care about the interests and problems of the developing world. For example, UNCTAD and WIPO must be empowered with further authority to enable them to provide freely the necessary assistance and recommendations to the developing countries without being subjected to arm-twisting activities by the industrialised countries. Developing countries are even encouraged to reject WIPO’s process if its outcome did not take into consideration their needs and priorities.²²

Fifth, developing countries could also seek in the future to negotiate ‘maximum’, rather than ‘minimum’ IPRs levels and standards for protection. Such a position could also be supplemented by allowing a certain period of time to lapse before they agree to negotiate higher levels of IPRs protection after undertaking full review of the costs and benefits that are likely to be the outcome of such enhanced protection levels. This will defuse the rush to bilateral agreements and will guarantee stability in the multilateral legal environment.

Sixth, civil society and non-governmental organisations must be empowered to play a more positive and constructive role in the protection of IPRs. The strength of such organisations does not only lie in the fact that they can deliver their voice and the voice of millions of people, but in that they can also play an active and critical role in

²¹ See the IPRs Commission, Supra 19. Also see UN Development Fund “Making Global Trade Work for People” 2003 Rockefeller Brothers Fund. Chapter 11. Available at www.undp.org/dpa/publications/globaltrade/pdf. (Last Visited April 2004). Independent researchers also warned from such efforts, for example Vivas-Eugui states that “Developing countries are recommended not to negotiate on IPRs at the regional and bilateral level but to keep these negotiations in the multilateral level where more balanced results can be obtained”. Vivas-Eugui “Regional and Bilateral Agreements and a TRIPS-Plus World: the Free Trade Area of the Americas FTAA” Quaker UN Office, Quno, Geneva 2003, at 2. Available at [http://www.geneva.quno.info/pdf/FTAA%20\(A4\).pdf](http://www.geneva.quno.info/pdf/FTAA%20(A4).pdf). (Last visited August 2005).

²² See the IPRs Commission Report, Ibid, at 132.

educating people and providing vital services to society.²³ Through such an enhanced role, at the grassroots, once people understand what is happening and what is at stake, there is a much greater will to participate in the decision making-process.

Finally, the developed countries also have a moral responsibility regarding the implementation of tougher global IPRs protection especially in the developing world. They must revise their policies in this regard and refrain from pursuing their TRIPS-Plus agenda which may put the lives of millions of people in danger.

²³ The IPRs Commission Report state that the "WTO and WIPO should increase the opportunities for civil society organisations to play their legitimate roles as constructively as possible. For instance, this could be done by inviting NGOs and other concerned civil society groups to sit on, or observe, appropriate advisory committees and by organising regular public dialogues on current topics in which NGOs could participate", IPRs Report, Ibid, at 166.

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