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ADMINISTRATIVE AND LEGAL COMMITTEE

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SETTLEMENT OF DISPUTES BETWEEN STATES IN THE FIELD
OF INTELLECTUAL PROPERTY

Document established by the Office of the Union

Introduction

1. At the twenty-ninth ordinary session of the Council, held on October 17, 1995, the Delegation of Germany drew attention to the fact that Switzerland had proposed that the field of application of the WIPO (Draft) Treaty on the Settlement of Disputes Between States in the Field of Intellectual Property be extended to cases arising from the UPOV Convention; the Delegation also asked for the submission of a report on this question to one of the bodies of UPOV in order that it could discuss the question (see paragraph 17 of document C/29/15 Prov.)

2. A similar request has been made by the Swiss authorities in a letter dated June 17, 1996, addressed by Mr. J. Morel, Deputy Director of the Federal Office of Agriculture, to the Secretary-General. Mr. Morel also emphasized that it was thought to be very important that UPOV should adopt a common position well before the end of the year.

Past Work Within WIPO

3. The WIPO Committee of Experts on the Settlement of Disputes Between States in the Field of Intellectual Property (hereinafter called the "Committee of Experts") started its work in February 1990 and has, to date, held eight sessions.

4. A dispute has been defined as “a disagreement between parties as to the existence or breach of an obligation that relates to a matter or to matters of intellectual property.”

5. The question of the sphere of application of the draft treaty—that is to say the source of the obligation which gives rise to the dispute—was raised from the outset (so that the proposal made by the Delegation of Switzerland to the seventh session of the Committee of Experts was not novel).

(a) It was noted in the draft program and budget of WIPO for the 1990-91 biennium (document AB/XX/2), in the description of the newly proposed activity, that: “the treaty would cover [...] any disputes that may arise in connection with the interpretation or application of the Paris Convention, the Berne Convention, other treaties or other international obligations” (Annex A, item PRG.02).

(b) At its first session, the Committee of Experts was asked to consider whether the obligation should result only from multilateral treaties or also from bilateral treaties, or even from generally recognized principles of adequate protection of intellectual property rights. In each case, the Committee was asked to examine whether there was a case for restricting the sources of disputes.

(c) Alternatives had already been proposed in the second session of the Committee of Experts, held from October 22 to 26, 1990. By the opening of the seventh session, held from May 29 to June 2, 1995, the situation was as follows:

(i) The field of application would be defined by reference to disputes arising from multilateral treaties on the one hand, and by reference to other disputes on the other hand.

(ii) Simply put, the treaty could be invoked unilaterally by one of the parties in the case of the first category of disputes; in the case of the second category, the consent of both parties was necessary for the submission of the dispute to one or more of the settlement procedures established by the treaty (it being understood that consent could be given in the course of preparing a treaty or could be given after the disagreement arises).

(iii) Concerning the first category of disputes, agreement was reached on the principle that the draft treaty would only apply, in a dispute between Contracting Parties, to the issue or issues the resolution of which requires the interpretation or application of one or more provisions of a multilateral treaty.

(iv) Four alternatives had been proposed with a view to an eventual more precise definition of the sphere of application:

- Alternative A called for no addition; in this variant, the draft treaty would be applicable to disputes arising from treaties which, although not primarily concerned with intellectual property, contain obligations relating to intellectual property (particularly certain treaties concerned with economic integration, like the Treaty of Rome Establishing the European Economic Community).

- Alternative B limited the sphere of application of the draft treaty to treaties in the field of intellectual property.
- Alternative C limited the sphere of application to treaties administered by WIPO, or by WIPO with one or more intergovernmental organizations.
- Alternative D limited the sphere of application to treaties administered by WIPO alone.

Under alternatives A and B, disputes arising from the UPOV Convention fell within the sphere of application of the draft treaty, and were excluded under alternatives C and D.

(v) In relation to other disputes, it was provided that the treaty would only be applicable in relation to the issue or issues in dispute which touched upon intellectual property, and then subject to certain conditions—concerning in particular the willingness of the parties to submit their dispute to one or more of the settlement procedures established by the treaty.

(vi) Supplementary provisions were proposed to permit in particular the non-application of the treaty to certain disputes and to regulate interactions with other methods of dispute settlement.

6. The two most controversial questions have been

(a) on the one hand, the question of including, in the first category, those disputes whose origin lay in a treaty which was not administered by WIPO, and,

(b) on the other hand, the question of interactions between the system of dispute settlement of the treaty envisaged by WIPO and other systems of dispute settlement, including that which has been established within the framework of the World Trade Organization (WTO) under the TRIPS Agreement.

7. It was in response to these two questions that the Delegation of Switzerland proposed at the seventh session of the Committee of Experts that a fresh alternative be added with a view

(a) on the one hand, to limiting the sphere of application of the draft treaty to multilateral treaties administered by WIPO or with the participation of WIPO (that is to say alternative C described in paragraph 5(c)(iv), above), but with the addition of the UPOV Convention, and,

(b) on the other hand, to reserving strictly the use of the WTO system for questions covered by the TRIPS Agreement.

8. At the eighth session of the Committee of Experts, which was held from July 1 to 5, 1996, it was agreed that the sphere of application of the draft treaty in relation to the first category of disputes (and thus for the purposes of the question examined in the present document) should be defined as follows:

“(1) [Disputes Between Contracting Parties Under Multilateral Treaties] This Treaty applies only to the issue or issues the resolution of which in a dispute between

Contracting Parties requires the interpretation or application of one or more provisions in a multilateral treaty that is administered by the Organization alone or by the Organization in association with one or more intergovernmental organizations or by the International Union for the Protection of New Varieties of Plants.”

9. The Committee of Experts did not take a formal decision at its eighth session on the subject of holding a diplomatic conference; a majority however expressed itself in favor of a date at the end of 1997 or in the first half of 1998. It will be for the governing bodies of WIPO to decide this question in their sessions in September-October 1996.

10. The annex to this document contains a description, prepared by the International Bureau of WIPO, of the draft treaty in the form which emerged from the discussions in the eighth session of the Committee of Experts.

The Work of UPOV

11. At its forty-seventh session, held on October 28, 1993, the Office of the Union drew the attention of the Consultative Committee to the draft treaty and to the fact that it was capable of being applied to disputes concerning the protection of plant varieties; it also noted that the 1961 Act of the Convention included provisions on the settlement of disputes (Article 38), and that these provisions had not been carried over into the Acts of 1978 or of 1991 (see paragraphs 4 to 6 of document CC/47/4). The Committee took note of this information.

12. The Office of the Union has distributed to the representatives of member States the main documents submitted to the eighth session of the Committee of Experts together with the report of the session.

13. The Committee is invited to consider whether it is appropriate that disputes between member States of UPOV concerning their obligations arising from the UPOV Convention or its interpretation should be included in the sphere of application (defined by reference to disputes arising from multilateral treaties) of the draft WIPO treaty on the settlement of disputes and to make recommendations to the Consultative Committee on this subject.

[Annex follows]

THE WIPO DRAFT TREATY ON THE SETTLEMENT OF DISPUTES BETWEEN
STATES IN THE FIELD OF INTELLECTUAL PROPERTY

INTRODUCTION

1. A number of treaties in the field of intellectual property do not establish procedures for the settlement of the disputes that may arise from their interpretation or application; other treaties, including certain treaties administered by WIPO, contain provisions for the settlement of disputes through negotiations and resort to the International Court of Justice. Past experience demonstrates, however, that States have not resorted to the International Court of Justice to settle disputes relating to intellectual property.
2. In view of the existence of what was considered as a vacuum in most intellectual property treaties, the Governing Bodies of WIPO decided, in 1989, to establish a Committee of Experts on the Settlement of Intellectual Property Disputes Between States (hereinafter referred to as “the Committee”). As of July 1996, the Committee has had eight sessions, the last in July 1996.
3. The comments that follow are based on the text of the Draft Treaty on the Settlement of Intellectual Property Disputes Between States (hereinafter referred to as “the Treaty”) that the Committee considered at its last sessions¹. While that text has no legal status, it reflects the understandings reached by the Committee and reflects the results of its work.

Objective of the Treaty

4. The objective of the Treaty is to promote the protection of intellectual property by furthering the enforcement of international obligations in the field of intellectual property and by securing the uniform interpretation and application of international rules concerning such obligations.

SCOPE OF THE TREATY

Sphere of Application of the Treaty: General Rule

5. Article 2(1) of the Treaty states:

¹ See document SD/CE/VII/2, which sets forth the text of the draft Treaty, and documents SD/CE/VII/8 and SD/CE/VIII/7, setting forth the reports of the last two sessions of the Committee.

“(1) [Disputes Between Contracting Parties Under Multilateral Treaties] This Treaty applies only to the issue or issues the resolution of which in a dispute between Contracting Parties requires the interpretation or application of one or more provisions in a multilateral treaty that is administered by the Organization alone or by the Organization in association with one or more intergovernmental organizations or by the International Union for the Protection of New Varieties of Plants.”

6. In accordance with this provision, read in conjunction with the definition of dispute in Article 1(ix)², the Treaty applies to disputes:

- between Contracting Parties (i.e. States or intergovernmental organizations; not between or with private parties),
- concerning the existence or breach of an obligation (there is no provision for non-violation cases),
- provided that the dispute relates to a matter or to matters of intellectual property, and
- the source of the obligation to which the dispute relates is a treaty administered by or with the participation of WIPO or UPOV.

Sphere of Application of the Treaty: Exception

7. The Treaty is applicable to a dispute that relates to an intellectual property matter and that is not otherwise within the general rule, if the parties to the dispute so agree (Article 2(2)). The Treaty is not applicable where the parties to a dispute so agree and where the source treaty establishes a dispute settlement mechanism that is exclusive (Article 2(3)).

Relationship between the WIPO System and other (WTO-TRIPS) Systems

8. This question is among--if not the most--controversial question considered by the Committee. The great majority of the participants have expressed support for the approach of free choice embodied in a text whose origin is to be found in previous proposals submitted by Argentina and the European Community. That text will be Article 2(4) and reads as follows:

“(4) [Applicability of a Procedure Established by this Treaty Where Another Procedure is Resorted to] Notwithstanding any other provision in this Treaty, once any procedure for the settlement of a dispute other than any of the procedures established by this Treaty is resorted to and is in progress in accordance with the rules laid down for that procedure, or has brought about a settlement of the dispute pursuant to, or a decision considered final under, those rules, no party to the dispute may initiate, in respect of the same dispute and against the same party or parties, any procedure established by this Treaty, unless that final decision is that the procedure resorted to does not apply to the dispute.”

² “dispute means a disagreement as to the existence or breach of an obligation that relates to the existence or breach of an obligation that relates to matters of intellectual property”

9. Another approach was suggested by Switzerland and supported by Canada, Japan and the United States of America. That approach consists in introducing a new exception to Article 2(3) excluding from the scope of the Treaty any TRIPS dispute. That proposal reads as follows:

“(3) [Non-applicability of the Treaty to Certain Disputes] Notwithstanding paragraphs (1) and (2), this Treaty, or any procedure established therein, shall not apply

...
(iii) where the dispute settlement mechanism of the World Trade Organization is applicable to the dispute.”

MEANS FOR THE SETTLEMENT OF DISPUTES

10. The Treaty establishes four means for the settlement of disputes that are available to the parties, namely, consultations; good offices, conciliation and mediation; panel procedure; arbitration.

11. Consultations followed by a panel procedure are the means of settlement generally applicable to disputes falling under the scope of the Treaty. Good offices, conciliation and mediation are, as a general rule, optional³. Arbitration is always optional.

Consultations

12. Consultations are aimed at giving to the parties to the dispute the opportunity to reach an amicable settlement without the participation of intermediaries. Consultations are normally a first and a necessary step preceding the establishment of a panel. The Treaty contains the basic rules governing the consultations (e.g. invitation, reply, notifications, time limits) whereas the procedural details are covered by the Regulations which may be amended by the Assembly.

Good Offices, Conciliation and Mediation

13. The Treaty does not define the terms "good offices, conciliation and mediation". By and large, those three means refer to procedures that have essentially the same characteristics: what each attempts is the settlement of the dispute with the intervention of an intermediary who tries to bring about an agreement between the parties; in none of these procedures can the dispute be settled by a decision emanating from the intermediary.

³ As an exception, good offices, conciliation or mediation of the Director General of WIPO, can be resorted to upon the unilateral request of a developing country.

Panel Procedure

14. The submission of a dispute to a procedure before a panel for its consideration, findings and recommendations with a view to settling the dispute is the central element of the system for the settlement of disputes of the Treaty.

15. The Treaty provides for a right of a Contracting Party to submit a dispute to a panel for examination and for recommendations by it to the parties to the dispute. It is to be noted that the establishment of a panel is automatic in the sense that it does not require a decision of the Assembly or other such body to set up the panel. If the parties fail to reach a settlement through consultations within a specified time limit, any of the parties may request the establishment of a panel. The specification of a time limit ensures that the panel proceedings are not delayed particularly in cases where one of the parties is reluctant to cooperate.

16. The panel will be constituted separately for each dispute and, unless the parties agree otherwise, it will be composed of three members. The composition of any given panel will normally be different from the composition of any other panel. The Assembly will establish the roster of potential panel members. The details are governed by rules in the Regulations. The designation of the members of the panels is to be made, in the first instance, by agreement of the parties to the dispute. If the parties do not agree on the members, within a specified period of time, any of the parties to the dispute may request the Director General to designate those members. The Director General will designate members from among persons on the roster who are not nationals of the countries party to the dispute and who have expertise in the field of intellectual property. Designation by the Director General will ensure that the procedure will not be delayed or hindered by lack of agreement.

17. As concerns the task of a panel, the Treaty does not require that a mandate or terms of reference be established for each panel as and when a panel is set up. The dispute is defined by the request, that is, by the allegation of the existence and breach of an obligation relating to a matter or to matters of intellectual property and the factual information and legal argumentation set forth in the request to establish a panel and in the submissions of the parties to the panel.

Recommendations of the Panel (Compliance)

18. If the panel is of the opinion that a party to the dispute has breached an obligation, it would make a recommendation to the responsible party to bring its legislation and practices into conformity with its international obligations. The Treaty does not provide that the panel or the Assembly established by the Treaty may impose sanctions or authorize retaliatory measures.

19. The powers of the Assembly in respect of any dispute consist exclusively of the possibility of having an "exchange of views" in and by the Assembly about the report of the panel. The Assembly is not empowered to adopt, endorse or reject the report of the panel, nor to modify the recommendations of the panel.

20. Each of the parties to a dispute must submit reports to the Assembly on the application of the recommendations made by the panel.

Arbitration

21. Arbitration may be characterized as a means of settlement of a dispute by a third person or a group of persons--called an arbitrator or arbitrators--who decide on the basis of the source treaty and in accordance with international law, and that entails a binding and final decision. Since recourse to arbitration is optional, any dispute falling within the sphere of application of the Treaty could be submitted to arbitration, including any dispute arising out of a bilateral treaty, provided that in such a dispute at least one of the issues to be decided concerns intellectual property.

22. Recourse to arbitration is to the exclusion of the other procedures provided for in the Treaty. Consequently, after the agreement to submit the dispute had been concluded, neither of the parties to such agreement could submit that very dispute, and in respect of any of the parties to the said agreement, to any of the other procedures set forth in the Treaty. Nor may any such procedure in progress be continued.

ADMINISTRATIVE PROVISIONS

23. As it is the case of most treaties administered by WIPO, the Treaty provides for the establishment of a Union of the Contracting Parties. The Union has an Assembly composed of the Contracting Parties to deal with various matters in implementation of the Treaty and the maintenance and development of the Union. Only States (not intergovernmental organizations) have the right to vote in the Assembly.

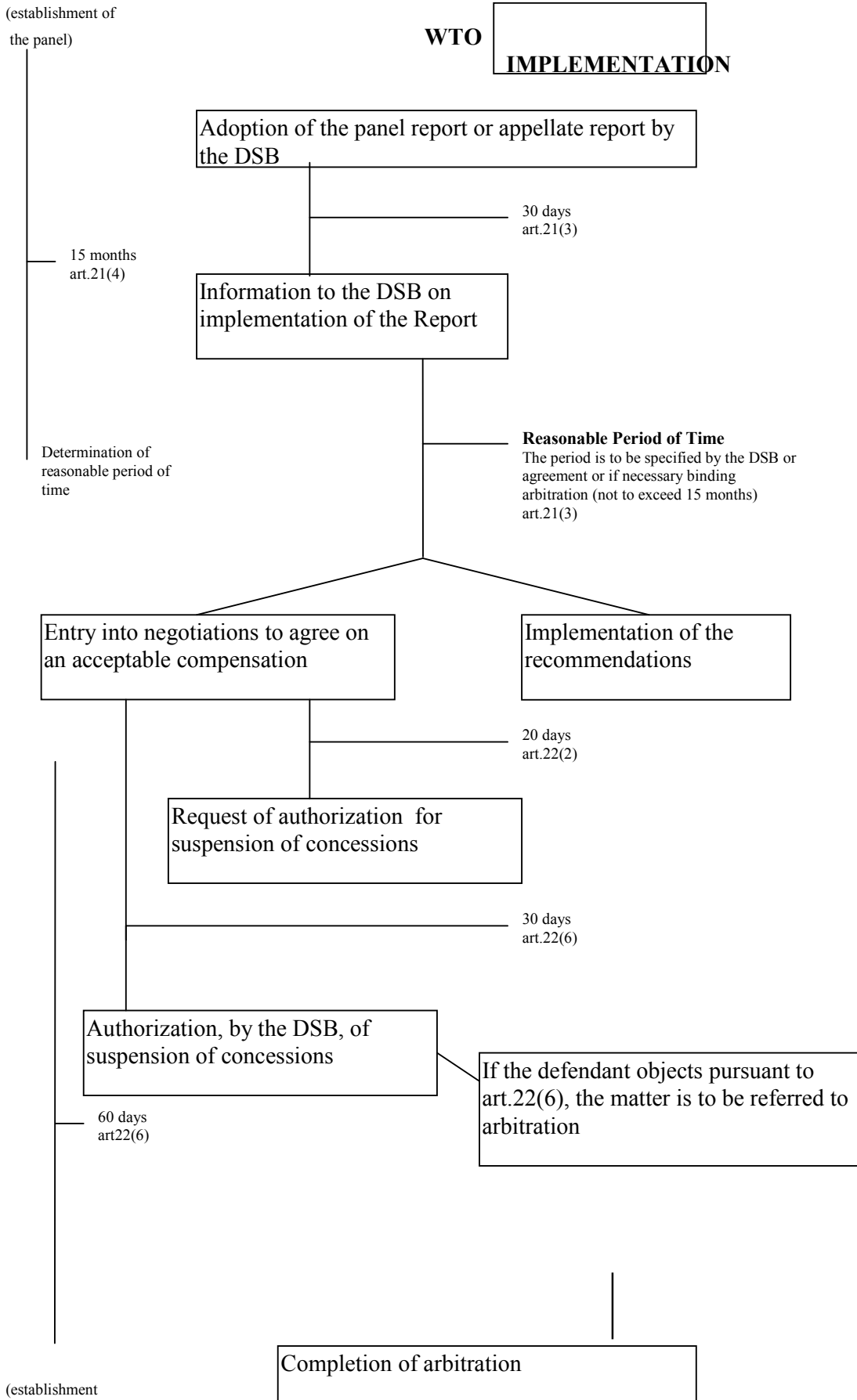
24. Among the most important tasks of the Assembly, is its power to amend certain provisions of the Treaty and the Regulations. That power enables the Assembly to make changes in certain provisions of the Treaty and Regulations when experience or circumstances indicate that they are so required.

FUTURE WORK: ADOPTION OF A TREATY?

25. At its last session (July 1 to 5, 1996), the Committee did not reach any formal decision. Nevertheless, the Chairman concluded that there was a majority in favor of holding a diplomatic conference at the end of 1997 or in the first half of 1998. He added that the three delegations which had opposed convening a diplomatic conference in that period had not suggested any alternative date at all for when the diplomatic conference should take place.

26. A decision on whether a diplomatic conference should be convened and, if so, when, will be taken by the Governing Bodies of WIPO at its next ordinary meeting in September-October 1996.

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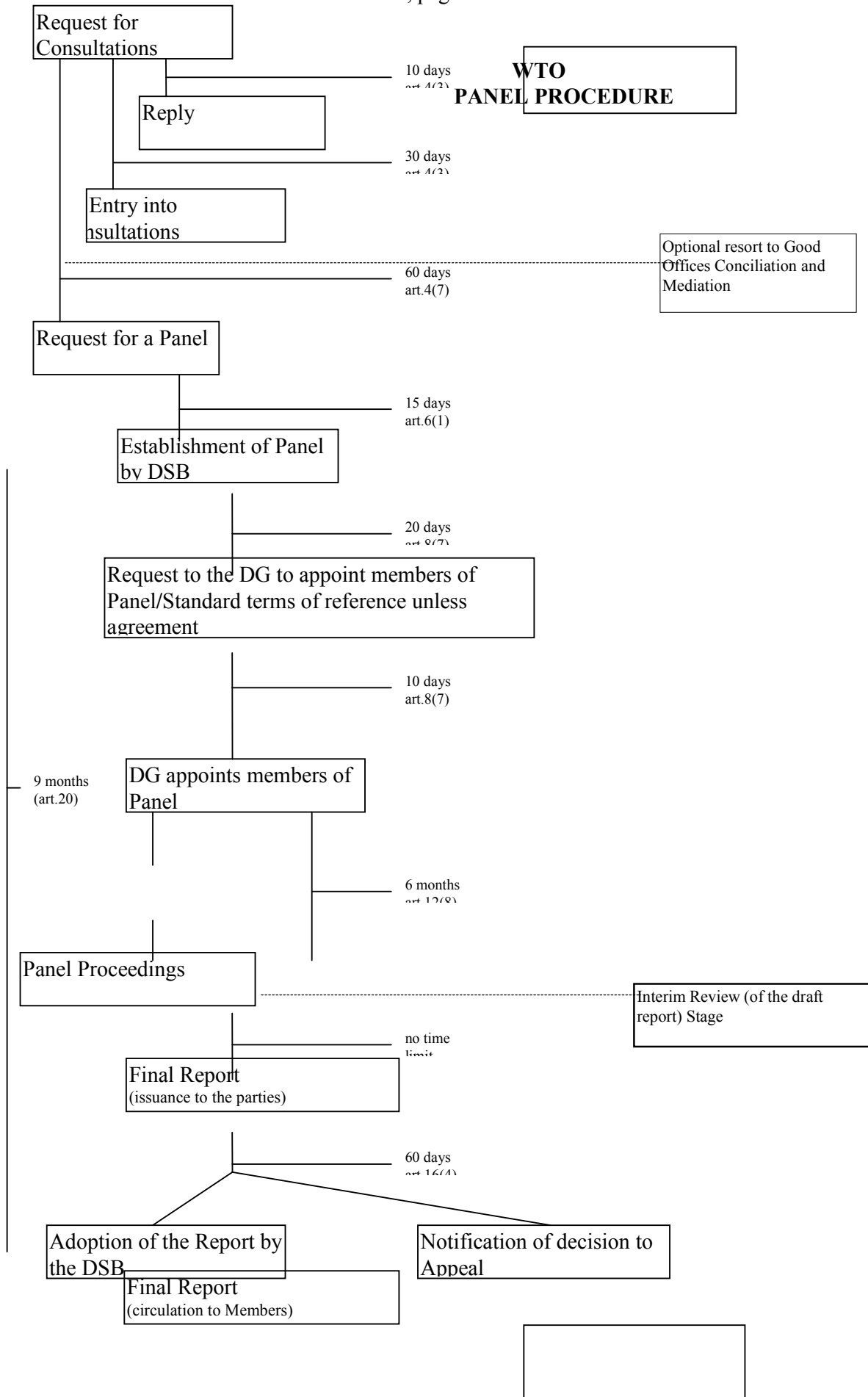
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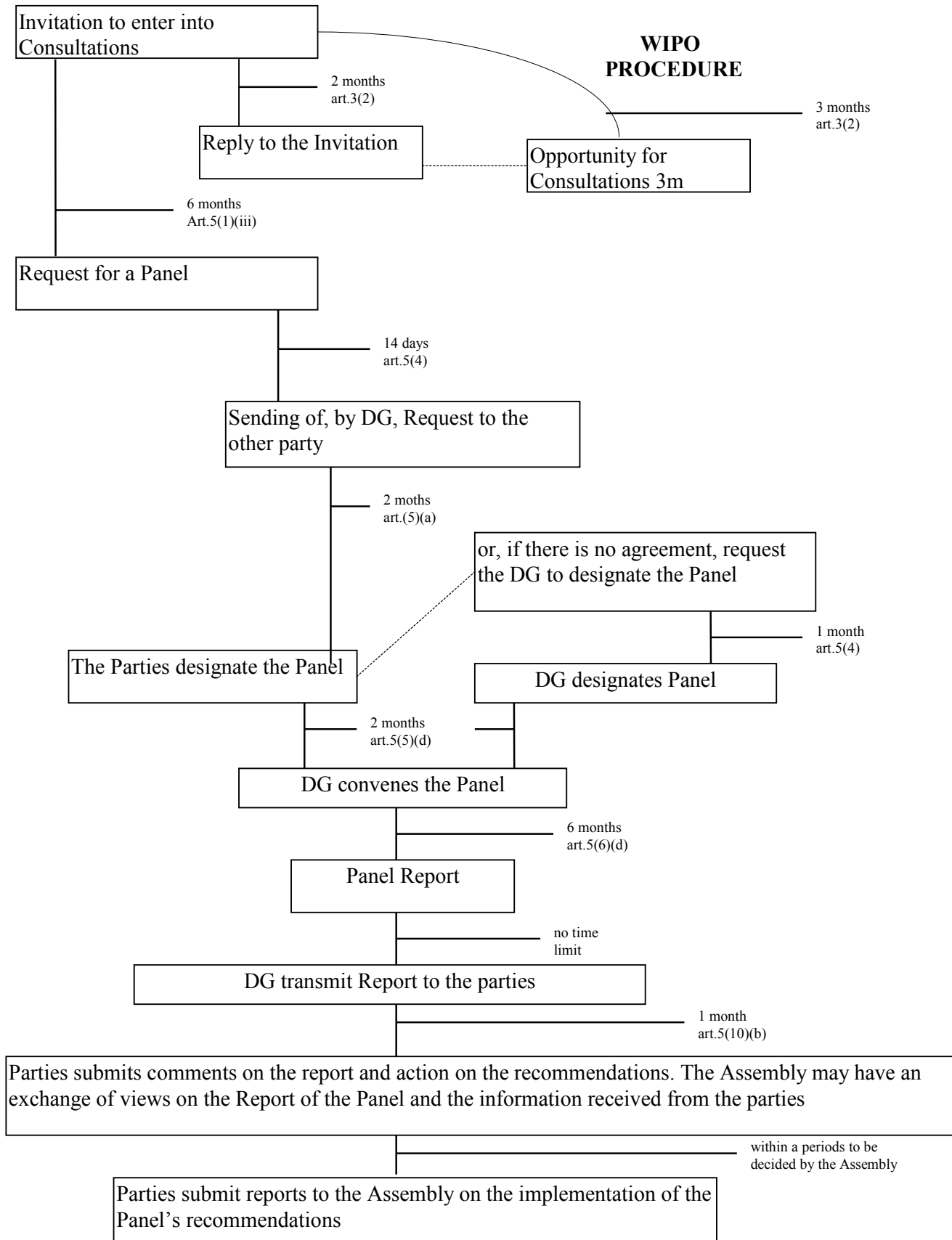
**WTO
APPELLATE REVIEW**

12 months
(art.20)

**Circulation of the Report of the Appellate
Body** (upholding, modifying or reversing the findings or
conclusions of the panel)

30 days
art.17(14)





**The WIPO Draft Treaty on the Settlement of Disputes
Between States in the Field of Intellectual Property**

July 1996

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