



**Asia-Pacific
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APEC Capacity Building Workshop on FTA Negotiation Skills on Intellectual Property – Phase 2

Summary Report

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APEC Capacity Building Workshop on FTA Negotiation Skills on Intellectual Property – Phase 2

Ha Noi, Viet Nam

Summary Report

I. Introduction

On 29 – 30 November 2016, the **APEC Capacity Building Workshop on FTA Negotiation Skills on Intellectual Property – Phase 2**, initiated by Viet Nam and co-sponsored by Indonesia; Korea; New Zealand; and the United States was held in Ha Noi, Viet Nam. Speakers and participants came from 11 APEC member economies (Australia; Canada; Chile; Indonesia; Malaysia; Peru; the Philippines; Russia; Thailand; the United States; Viet Nam) and one international organization (the World Trade Organization - WTO). Most of the Workshop participants were from the public sector relating to intellectual property; some of them were from academic institutes.

The Workshop sought to provide in-depth capacity building for negotiators and policymakers, with practical relevance, to participate in intellectual property negotiations. It also aimed at sharing best practices and experiences in preparing for negotiations. Last but not least, it is expected to explore possible implications on trade and intellectual property situation of economy(ies) if participating in the FTA/FTAAP.

II. Background

This project is designed to put into action APEC Ministers' instructions to build capacity to strengthen and deepen the regional economic integration, and to facilitate the realization of the Free Trade Agreement of the Asia - Pacific (APEC 2011 Ministerial Meeting statement).

In their 2013 Declaration, APEC Leaders insisted that "APEC has an important role to play in coordinating information sharing, transparency, and capacity building..." and "agreed to ...increase the capacity of APEC economies to engage in substantive negotiations." Furthermore, APEC Ministers "encouraged officials to advance the Regional Economic Integration Capacity-Building Needs Initiative Action Plan Framework as a key delivery mechanism for the technical assistance needed to one day make the FTAAP a reality."

APEC Economic Leaders agreed to continue the capacity building activities in pursuit of the eventual realization of the FTAAP under the Action Plan Framework of the 2nd Capacity Building Needs Initiative (CBNI) (as appeared in Annex A of APEC Economic Leaders' Declaration on The Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP in November 2014). They encouraged economies "to design and conduct capacity building programs for specific sectors as lead economies."

Themes covered during the two-day event included: (i) *New Intellectual Property Issues in Free Trade Agreements (FTAs)*; (ii) *Copyrights and Related Rights*; (iii) *Patents and Industrial Designs*; (iv) *Drafting Texts in FTAs and Analysis of Textual Proposal*; (v) *Trademarks and Geographical Indications*; (vi) *Enforcement of FTA-related Intellectual Property Right*; (vii) *Case Studies on Intellectual Property*; (viii) *Simulation Exercise*.

III. Discussion

Outcomes

The **APEC Capacity Building Workshop on FTA Negotiation Skills on Intellectual Property – Phase 2** for presentations and discussions on FTA-related intellectual property and for simulation exercise. Participants also had an opportunity to share what they can take away from the Workshop as well as to suggest potential APEC capacity-building activities to most benefit APEC member economies. Overall, the Workshop achieved its main objectives as described in the project proposal. Moreover, all participants considered that it afforded many chances for valuable networking among representatives from the policy community, academics and private-sector actors in the area of intellectual property from within and outside the APEC region.

Key Issues Discussed

Opening remarks

In his opening remarks, **Mr Luong Hoang Thai (Director General, Multilateral Trade Policy Department, Ministry of Industry and Trade, Viet Nam)**, stressed that intellectual property is an important issue in a FTA negotiation and has been included in nearly 200 relevant chapters or articles of recent negotiated FTAs.

Due to the diversity of levels of development, the differences in legal systems as well as administrative procedures, Mr Luong observed that each APEC economy has been and will be pursuing their own goals, strategies and plans in negotiating intellectual property in new-generation FTAs. Developed economies want to strengthen the intellectual property protection while developing and less developed economies prefer flexibilities for this issue. This difference has made intellectual property negotiations more complicated.

In his opinion, since intellectual property is relatively new in FTA negotiations and involves many complex and sensitive issues such as geographical indication and cross-border data protection etc. some APEC economies, especially developing ones, have little experience in negotiating this issue. Thus, capacity building and experience sharing in intellectual property negotiation in FTAs is a practical activity and has attracted great interest of APEC economies in general and developing economies in particular. As a developing economy of APEC, Viet Nam is well aware of this problem and has actively researched and coordinated with Indonesia; Korea; New Zealand; and the United States to organize this Workshop aiming to strengthen the intellectual property negotiation in FTAs for APEC economies.

Mr Luong highlighted that along with updating professional knowledge about intellectual property chapters and provisions in the FTA, it is important for economies to discuss and learn from each other about negotiating experiences and lessons concerning the preparation process internally and overseas as well as the implementation of intellectual property commitments after the negotiations are concluded and the agreements come into effect.

The Director General expressed hope that with the active participation of negotiators, policy makers, scholars from Viet Nam as well as the APEC economies, the Workshop participants would be able to exchange valuable experience and enhance the understanding about intellectual property negotiation in FTAs, which will help to improve the efficiency of negotiating and implementing intellectual property commitments when FTAs come into effect.

Workshop's sessions

Experts provided presentations on the following topics:

1/ In Session 1 about “New Intellectual Property Issues in Free Trade Agreements (FTAs)”, **Mr. Daniel Lee, Senior Director for Innovation and Intellectual Property, Office of the U.S. Trade Representative (USTR)** divided his presentation into two main parts: (1) Inclusion of Intellectual Property in Trade Agreements; (2) Examples of New Intellectual Property Issues in Trade Agreements. For the first part, he gave some examples of Agreements on the protection of Intellectual Property Right such as Paris Convention, Singapore Treaty on the law of Trademark, Patent Law, Berne Convention and WIPO Internet Treaties. Accordingly, the extent of protection and enforcement of intellectual property rights varies widely around the world, addressing differences became a significant priority in international economic relations and new trade rules for intellectual property rights. The speaker also briefed about the WTO Trade-Related aspects of Intellectual Property Right (TRIPS) Agreement and mentioned some bilateral and regional agreement with intellectual property provisions such as Japan – Switzerland EPA, ASEAN – Australia – New Zealand FTA, United States – Chile FTA, Trans – Pacific Partnership (TPP). In the second part, Mr Lee listed out some new issue of intellectual property in trade agreement including geographical indications and criminal. The use of those provisions in Trade Agreement became more specific in recent agreements, especially TPP.

2/ During Session 2 on “Copyrights and Related Rights”, there were 2 speakers: **Mr Paul Jones, Barrister, Solicitor & Trademark Agent, Jones & Co., Canada** and **Ms Thu-Lang Tran Wasescha, Former Counsellor at Intellectual Property Division, WTO**.

To start the Session, **Mr Paul Jones** made a presentation on “Copyright and Related Right – The Appropriate Balance in Trade Agreement”. Mr Jones introduced the basic premises of intellectual property rights, the origin statutes of monopolies, the copyright origin and the current theory. After that, he talked about how the Copyright Law works in Canada and stated that the work must have originated from the author, must not be copies and must be the product of the exercise of skill and judgment that is more than trivial. The speaker listed out some types of copyright such as Basic Copyright, Moral Right, Performer’s Rights, Rights of Sound Recording Makers and Right of Broadcasters etc. He also mentioned action of an infringement to copyright and infringement exceptions. An example of miscellaneous was presented to show that it is not an infringement of copyright. Mr Jones emphasized that the circumvention of access control technological protection measures is prohibited, even if the work was acquired legally. He shared some experiences in trade negotiation related to intellectual property issues, which was about the relation between owners and customer, regulation capture and so on.

During her presentation, **Mrs Thu-Lang Tran Wasescha** introduced about the TRIPS and its relations to some GATT/WTO principles. She explained why and how TRIPS is important to trade to re-think the whole framework for inventors/creators, for competitors and for users. She insisted that copyright and related rights are great stakes as for patents (in particular for pharmaceuticals), differently sensitive as compared to patents, the wider acceptance of the Berne Convention, difficult negotiations on certain issues (remuneration for certain rights, national treatment of works for hire, etc.). Mrs Wasescha gave some examples of dispute settlement cases such as DS160: United States — Section 110(5) of US Copyright Act (Complainant: European Communities) and DS362: China — Measures Affecting the Protection and Enforcement of Intellectual Property Rights (Complainant: United States). She raised some issue to discuss such as: Pending issues, re-surfacing, new issues, new context, new ways of addressing issues etc. To conclude her presentation, she showed

diagrams on the intellectual property universe and the interaction of TRIPS to other legislations.

3/ During Session 3 on “Patents and Industrial Designs”, there were two speakers: **Ms Vikran Duangmanee, IP Management Manager, SCG Chemicals Co., Ltd., Thailand and Mrs Jayashree Watal, Counsellor, Intellectual Property, Government Procurement and Competition Division, World Trade Organization.**

Ms Vikran Duangmanee presented about Thailand’s Intellectual Property Laws; Patent/ Industrial Design Law; Patent Treaty/ Co-operation and Example Inventions. After briefing Thailand’s Intellectual Property Laws, the speaker highlighted other laws such as Patent/ Petty Patent, Trademark, Copyright, Trade Secret, Geographical Indication, Layout-Designs of Integrated Circuit and Optical Disk Production. She shared that a patent is an exclusive right granted for an invention, which is a product or a process that provides in general, a new way of doing something, or offers a new technical solution to a problem. Ms Duangmanee said that the disclosure of invention becomes part of the prior art may take place in 3 ways: disclosure by description, disclosure by use and oral disclosure. For the inventive step, the applications of known measures are filling the gap, well-known equivalents, known properties of material and analogous substitution. The speaker mentioned the Patent Cooperation Treaty (PCT) which make it possible to seek patent protection for invention simultaneously in each of a large number of countries by filling in an international patent application. Last but not least, Ms Duangmanee introduced about ASEAN Patent Examination Co-operation (ASPEC) by showing a diagram about cooperation mechanism among intellectual property offices in the region.

The presentation of Ms Jayashree Watal was named “Patents and Undisclosed Information: Legal Provision and the Economics of Innovation and Access in Medical Technologies”. Her presentation was divided into four main parts: (i) relevant TRIPS provisions on patents and undisclosed information; (ii) Economics on innovation of medical technologies; (iii) Economics of Access to medical technologies; (iv) Changing business models of innovation with access. First, she reiterated relevant TRIPS, KORUS and TPP provisions on patentability criteria, non-discrimination, exclusion, patent rights, exception to patent right, patent term. She also talked about the condition for protection and test data protection of undisclosed information. Second, the speaker emphasized that knowledge or new, useful information is like a public good, it could be chronic underinvestment in the creation of knowledge. In her opinion, some special characteristic of health technologies, especially the pharmaceutical industry are usually high dependence on patents, high regulated in most economies, very high level of R7D investment and high risk of failure etc. Mrs Watal also raised a question on how to reconcile incentives for innovation with access to medicines and other health technologies. In addition, she referred to the policies that impact prices, differential pricing and compulsory licenses. To conclude the presentation, Mrs Watal mentioned the changing business in innovation and access and gave out analysis among old pricing model, new voluntary licensing and multi-partner collaboration.

4/ During Session 4 on “Drafting Text in FTAs and Analysis of Textual Proposal”, there were three speakers: **Ms Carolina Sepúlveda, Director, Intangible Consultancy Ltd., Chile; Ms Jo Feldman, Trade Law Branch, Australian Department of Foreign Affairs and Trade; Mr Daniel Lee, Senior Director for Innovation and Intellectual Property, Office of the U.S. Trade Representative (USTR).**

Ms Carolina Sepúlveda firstly presented some analysis that need to be considered before negotiations such as political issues, legal system, previous negotiated FTA, TRIPS etc. She

shared that TRIPS and other treaties are not the floors of negotiation but are guides to get a balanced agreement. She said that intellectual property protection and enforcement should contribute to technological innovation, dissemination of technology, mutual advantage of producers and users, social and economic welfare, balance of rights and obligations. In her view, principles when negotiate Intellectual Property Chapter are keeping the wording of previous treaties, consistency, exception and flexibility. She stated that an Intellectual Property Chapter needs to keep relation from the beginning with other chapters of the agreement linked with intellectual property (investments, regulatory coherence and legal chapter – certification). Ms Sepúlveda gave examples on negotiation's framework and on types of proposals to illustrate how intellectual property negotiation is proceeded. The speaker also provided some tips when negotiating first and second proposal. She was of the view that the final text always fits different position and it is not possible to reach a clear agreement. She concluded that preparing for negotiation need to take into account general aspect to particular ones, need to build a strategy for each relevant subject and have flexibility during negotiation.

To begin her presentation, **Ms Jo Feldman** highlighted some important preparations for negotiation and drafting text which included consultation to identify the government's negotiating goals and to identify negotiating partners. She explained in details about red box, amber box and green box. Red box are understood as commitments and language you cannot accept; amber box are commitments and language you will not actively seek but could accept if necessary and in view of the overall treaty package; green box are commitments and language you will actively seek to include in the treaty. Ms Feldman provided some tips for negotiators in order to get the target of each box. To draft the content of the text, she introduced how to prepare the text of interpretive provisions, substantive provisions and relationship provision. The speaker then shared experiences in analyzing the language of the text if it is binding or non-binding language, the treaty will be interpreted using the Vienna Convention on the Law of Treaties and make sure Preamble and provisions on the object, purpose and scope of the treaty will be relevant.

Mr Daniel Lee divided his presentation into three main parts: (i) Drafting text proposal; (2) Analyzing text proposal; (3) Critical elements for successful negotiation. He first stated that there were four steps to prepare for text drafting which included consulting basic policy guidance, consulting with interagency legislature and stakeholders, drafting proposals, and preparing delegate instruction. He also listed out some important tasks of each step that the negotiators need to do. Second, he emphasized importance of conducting all analyze information in each step. For example, when consulting with interagency legislature and stakeholder, it is essential to learn and research the policy issues and interests, consult with people on all sides of an issue; when analyze proposal, it is essential to evaluate how the proposal fit with their negotiating mandate, current and future goals and domestic law. To conclude, the speaker summarized that critical elements for successful negotiation are preparation, professionalism and relationships.

5/ During Session 5 on "Trademarks and Geographical Indications", there were two speakers: ***Dr Robert Ian McEwin LLB, Australian National University FAICD and Mrs Thu-Lang Tran Wasescha, Former Counsellor at Intellectual Property Division, WTO.***

To start his presentation, **Dr Robert Ian McEwin LLB** insisted that there were two kinds of IPRs: one stimulate inventive and creative activities and one resolve market information asymmetries. He then explained about trademarks, geographical indications and the TRIPS. Dr McEwin also named some related treaties of trademarks and geographical indications. To the economics of trademarks, he reiterated that trademark helps consumers to make better

choice for experience goods, provide signals about quality for infrequently bought good. In his view, it is necessary to remain the existence and protection of trademarks as it facilitate and enhance consumer decisions and create incentives for firm to produce products of desirable quality even when these are not observable before. Dr McEwin raised a question if trademarks create monopolies. He remarked that the benefit of trademarks in encouraging product quality and variety likely to outweigh any possible anti-competitive effects. In terms of geographic indications (GI), the speaker shared that GIs give commercial advantage to producers of particular region and GIs have more goals than trademarks and include consumer protection, producer protection and rural development. Regarding GI and international agreements, the speaker introduced Paris convention, Madrid Agreement, Lisbon Agreement, TRIPS. In summary, Dr. McEwin observed that there is an overlap of rights, the same commercial object may incorporate or reflect different intellectual property rights and the same intellectual effort may be protected by more than one intellectual property right.

First, **Ms Thu-Lang Tran Wasescha** highlighted the attitude of public to trademark, geographic indication and TRIPS. She then talked about trademark and GI which are identifier and they bring great marketing power. Mrs Wasescha insisted that there are more studies on trademarks than on GI and it is important to make best use of each system. For trademarks, there are individual trademarks, collective marks and certification marks. Regarding GI, it is considered as an example of heavy negotiations, constructive ambiguity and requires good negotiators. The speaker raised a question if businesses resolve problems where laws and government negotiations fail. She then mentioned about two cases for discussion: Champagne and US semi-generics; Czech beer Budvar and Budweiser arrangement. Finally, Mrs Wasescha left some open questions and issues for discussion such as: Can trademarks and GIs coexist? Why difficult dialogue? GIs: Economics, commercial but also socio-political and in any event, emotional etc.

6/ During Session 7 on “Enforcement of FTA-related Intellectual Property Right”, there were two speakers: **Ms Carolina Sepúlveda, Director, Intangible Consultancy Ltd., Chile and Mr Paul Jones, Barrister, Solicitor & Trademark Agent, Jones & Co., Canada.**

The presentation of **Ms Carolina Sepúlveda** focused on “Enforcement: Administrative Procedures and Remedies”. She first underlined the definition of administrative procedures and remedies on intellectual property and its facts of application and characteristics. Ms Sepúlveda then presented some cases about data protection and data exclusivity; patent linkage, Internet Service Provider (ISP) liability: notice and take down procedure in copyright infringement. For the first case, she pointed out that data protection referred to protection of clinical trials and other information required by the regulatory authority. This kind of protection, protect against unfair competition and from disclosing data (TRIPS – non disclosure). She also shared experiences on how to get a balance international implementation experience. For the case of patent linkage, she introduced the United States (US) formula which established an administrative enforcement system and a generic entry system. The US FDA requires applicant to list patents that cover the drug as part of NDA filing. She gave an example of US incentives to challenge weak patents which give a generic exclusivity of 180 days to the first generic company to file for FDA approval, invalidating the patent or finding a way to avoid infringement. She noted some implementation experiences. In the last case, Ms Sepúlveda featured that notice an take down is a procedure where the ISP should expeditiously remove or disable access an alleged copyright infringement as a condition for limited its secondary liability or safe harbor. To conclude the presentation, the speaker stressed that to have an effective administration procedures and remedies, it needed to evaluate the impact of the implementation and balancing the interest of right

holders and users for example incorporating incentives, incorporate requirement and exception, and to achieve the flexibility.

Mr Paul Jones presented the enforcement of IPRs from perspective of a practitioner. He started his presentation by sharing some practical views of the enforcement of IPRs. Mr Jones then presented how to start the enforcement from the initial investigation. He stated that Canada and the United States have robust obligations to produce evidence, known as “discovery”, as well as to submit some proposed witness to oral examination. In addition, the speaker briefly analyzed the Common Law and Civil Law in which he mentioned about the characteristic and common norm of each Law. Mr Jones also gave some examples of IPRs enforcement. From such case studies, the speaker concluded that there were many variables in the effective enforcement of IPRs. In his view, variables such as the general efficiency of the court system, the burden for the collection of evidence and the availability of evidence for the particular type of good play very significant roles. Other economic considerations, such as competition or antitrust issue and cultural issues should be considered.

7/ During Session 8 on “Case Studies on Intellectual Property”, there were two speakers: ***Dr Robert Ian McEwin LLB, Australian National University FAICD and Mrs Jayashree Watal, Counsellor, Intellectual Property, Government Procurement and Competition Division, World Trade Organization.***

First, **Dr. R Ian McEwin** introduced the case between Wing Joo Long Ginseng Hong (Singapore) and Qinghai Xinyuan Foreign Trade (Singapore). He emphasized that the ability to distinguish the good or services of one undertaking from those of other undertakings remains the essential function of a trade mark. After that, he presented the case of Qualitex vs Jacobson Product. The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. Regarding the case of McDonald’s Corp vs Future Enterprises (FE), this appeal related to McDonald’s, opposition to the application for registration of three trademarks under class 30 by FE. FE applied to register the three application marks “MacTea, MacChocolate and MacNoodles” in class 30 and in each case, with eagle device. Dr McEwin also referred to other similar cases where the court disregarded the objection of McDonald’s and allowed the registration of the mark “McChina” in the United Kingdom. The Judge said that McDonald’s was virtually seeking to monopolize all names and words with prefix Mc or Mac. Last but not least, the case study on Melbourne Chinese Press vs Australian Chinese Newspapers illustrated clearly: trademarks should be considered as a whole, looking at the points of similarity and of difference that are apparent from such an overall perspective and then making a judgment as to whether the trademark are likely to deceive or confuse.

Mrs Jayashree Watal presented an interesting case named “Brazil – Measures Affecting Patent Protection” under the WTO. This case related to the United States’ request to consult with Brazil regarding Brazil’s establishment of a “local working” requirement for the enjoyability of exclusive patent rights that can only be satisfied by the local production – and not the importation – of the patented subject matter. This is a typical case between developed and developing economies regarding the enjoyment of patent trade. In the opinion of Mrs Watal, with respect to patent rights, Brazil should not have discriminatory measures. Instead, Brazil should enforce rights for infringement through both local production and importation. There has not been a resolution for this case but the speaker was of the view that the United States had a higher chance to win.

Simulation exercise

During the simulation exercise, participants were divided into 3 groups of three economies (A, B, C) negotiating a Regional Trade Agreement. Each economy has differing economic characteristics and policy frameworks for parallel import for pharmaceutical products.

The negotiation was well-advanced. One of the major outstanding areas of negotiation, indeed the one that created the most difficult challenges, was parallel import for pharmaceutical products.

The objective of the mock negotiation was to reach an agreement amongst the 3 Parties regarding parallel import for pharmaceutical products in the RTA's Intellectual Property Chapter.

Each team had one hour to prepare for the mock negotiation and another hour to undertake the negotiation. Each team was encouraged to designate one person to act as a lead negotiator during the mock negotiation.

Participants were encouraged to conduct research on policies and regulations on parallel import for pharmaceutical products, including within their respective economies in order to familiarize themselves with the domestic policy and regulatory considerations related to wine and distilled spirits.

The one-hour mock negotiation took place enthusiastically with 3 leaders of 3 groups to represent their groups to negotiate (a lot of participants commented that in the future there should be at least 2 simulation exercises during one Workshop). The exercise on mock negotiation was evaluated to be frank, useful and helped to exchange views of negotiators. Through the mock negotiation, participants understood more about the importance of preparation before undertaking negotiations, focusing on the specific issue (wine and beverage) and the needs to have idea of economies' position (especially the red line). Furthermore, participants were aware of the importance of clarifications during negotiations, the need of the whole team to participate to have full support, the roles of coordination as well as the needs of sticking to the Party's position during negotiation.

IV. Conclusions and recommendations by some Workshop speakers and participants

1/ The consensus view of the Workshop's speakers, moderators and participants agreed that the project achieved its intended objectives. They considered the Workshop improved their capabilities to negotiate, helped them to know more about intellectual property in new FTAs, team work in negotiations, tips in negotiation process from various APEC member economies. Participants also said that the Workshop had provided a great opportunity for networking with experts from within and outside APEC region.

2/ The Workshop's participants suggested future activities/ topics that APEC should undertake as next steps of this project:

- Policy consultancy Workshops regarding Intellectual Property Law amendments;
- Workshop focusing only on drafting texts and proposals;
- Regular Workshops on FTAs with recent FTA developments;

- More simulation exercises and a longer course on intellectual property.