

# UNCTAD AD HOC EXPERT MEETING ON COMPETITION POLICY AND SUSTAINABLE DEVELOPMENT

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## IP and Competition in WIPO- Administered Treaties



**Nuno Pires de Carvalho**

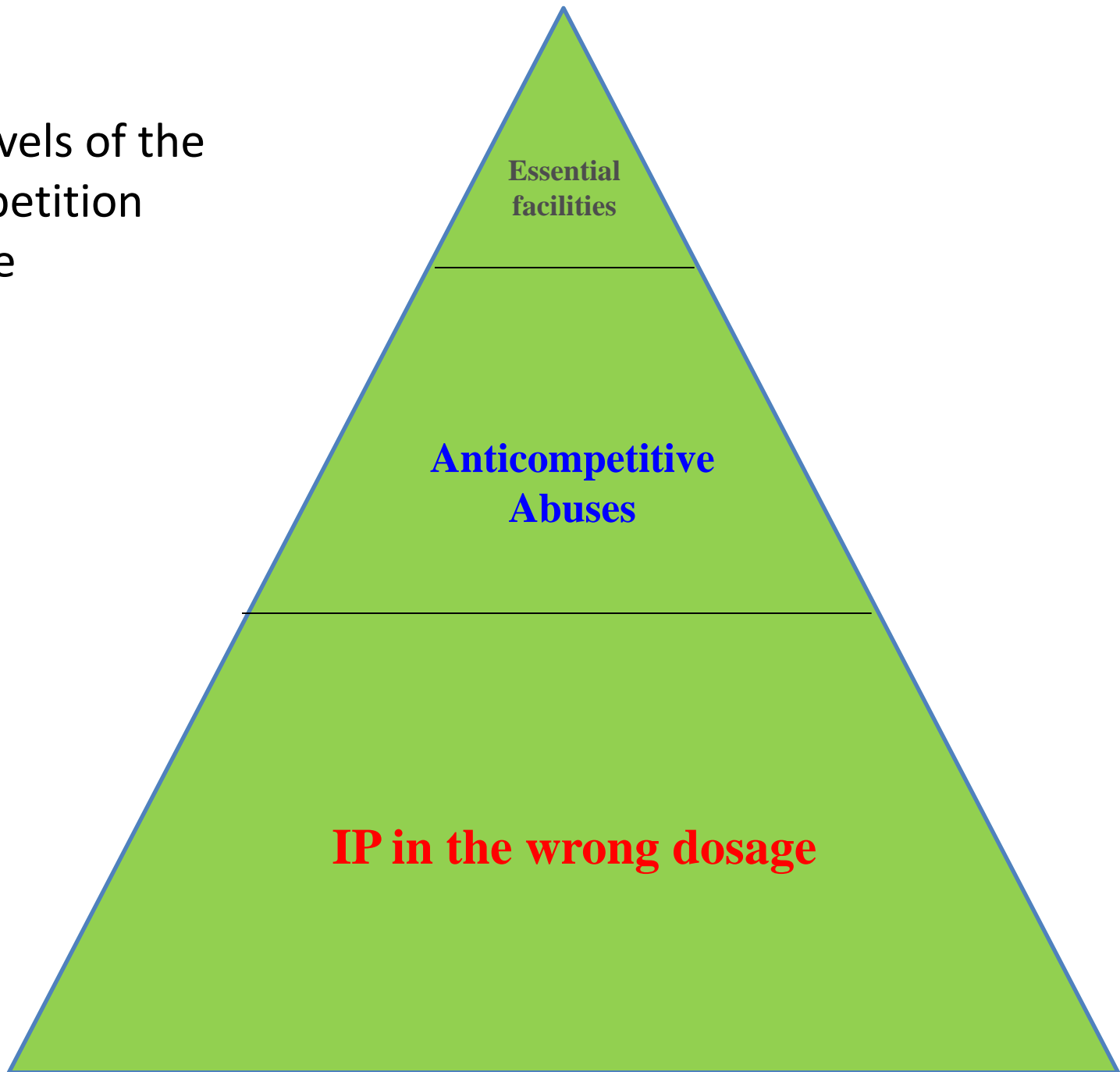
Director

IP and Competition Policy Division

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# 1. The interface IP - Competition

The 3 levels of the  
IP/Competition  
interface



## **2. Provisions in WIPO-administered treaties that address the IP/Competition interface**

# FIRST LEVEL

**IP in the wrong dosage**

## IP in the wrong dosage:

- (i) making IP available to cover assets that are not genuinely differentiating, thus preventing businesses from competing because of their impossibility to create their own competing intangible assets (**too much IP**),\*
- (ii) making IP unavailable to protect genuinely differentiating assets, thus permitting businesses to copy, imitate or free ride on the efforts of more competent and efficient competitors, and thereby destroying the latter's incentive to differentiate their products and services by means of improvement or creation or any other manner (**too less IP**)\*\*

\* *Unmodified genes; too broad claims; too broad lists of goods or services; functional signs or common words registered as trademarks; etc.*

\*\* *Biotechnological inventions; "non-traditional" marks; traditional knowledge; lack of or insufficient enforceability; etc.*

**Only three (out of the 25) WIPO-administered treaties contain provisions that, directly or indirectly, ensure that IP rights are granted in the right dosage.**

# Paris Convention for the Protection of Industrial Property

of March 20, 1883, as revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Lisbon on October 31, 1958, and at Stockholm on July 14, 1967, and as amended on September 28, 1979

## Substantive conditions for acquiring rights:

### (a) of patents: limits imposed on exceptions to novelty: Articles 4(C)(1) and 11(1)\*

\* **Article 4(C)(1)** “The periods of priority referred to above shall be twelve months for patents and utility models, and six months for industrial designs and trademarks.” **Article 11(1)** “The countries of the Union shall, in conformity with their domestic legislation, grant temporary protection to patentable inventions, utility models, industrial designs, and trademarks, in respect of goods exhibited at official or officially recognized international exhibitions held in the territory of any of them. (2) Such temporary protection shall not extend the periods provided by Article 4. If, later, the right of priority is invoked, the authorities of any country may provide that the period shall start from the date of introduction of the goods into the exhibition.”

### (b) of trademarks: distinctiveness as a mandatory requisite of trademarks: Articles 6bis and 6quinquies\*\*

\*\* **Article 6bis(1)** “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.” **Article 6quinquies(B)(ii)** “Trademarks covered by this Article may be neither denied registration nor invalidated except in the following cases: [...] (ii) when they are devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed;”



# Lisbon Agreement for the Protection of Appellations of Origin and their International Registration

of October 31, 1958, as revised at Stockholm on July 14, 1967, and as amended on September 28, 1979

**Substantive conditions of protection of appellations of origin: geographical denomination, ability to distinguish a product based on its origin: Article 2\***

\* **Article 2** (1) In this Agreement, "appellation of origin" means the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors. (2) The country of origin is the country whose name, or the country in which is situated the region or locality whose name, constitutes the appellation of origin which has given the product its reputation.

# Patent Cooperation Treaty

Done at Washington on June 19, 1970, amended on September 28, 1979, modified on February 3, 1984, and on October 3, 2001 (as in force from April 1, 2002)

**Substantive conditions of patentability: novelty (article 15\*); novelty, [sufficient] inventiveness and industrial applicability (article 33\*\*)**

\* **Article 15 The International Search** (1) Each international application shall be the subject of international search. (2) The objective of the international search is to discover relevant prior art.

\*\* **Article 33 The International Preliminary Examination** (1) The objective of the international preliminary examination is to formulate a preliminary and non-binding opinion on the questions whether the claimed invention appears to be novel, to involve an inventive step (to be non-obvious), and to be industrially applicable.

## **SECOND LEVEL**

### **Anticompetitive IP abuses**

**IP, in spite of being in the right dosage, can be used in an anticompetitive manner, when used by the owner when he/she has a dominant position in the market or who may acquire that position, in a way that is contrary to the objectives of the law.\***

*\* (i) Four patent owners pool their patents and three promise not to use their own; output is reduced and prices rise. (ii) A process patent owner offers licenses but only to be used in the making of certain goods that are expensive; it prohibits its use in the making of competing, cheaper materials that are important to improve the health of the poor. (iii) A copyright owner refuses to open its code for the makers of interoperable programs. (iv) A car maker refuses to sell or to license to repairers design-protected supply spare parts of a discontinued model.*

**Only 3 (out of the 25) WIPO-administered treaties address, indirectly, anticompetitive abuses of IP rights**

# Paris Convention for the Protection of Industrial Property

of March 20, 1883, as revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Lisbon on October 31, 1958, and at Stockholm on July 14, 1967, and as amended on September 28, 1979

## **(a) Measures available to prevent abuses that might result from the exercise of exclusive patent rights: Article 5(A)(2)\***

\***Article 5(A)(2)** Each country of the Union shall have the right to take legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example, failure to work.

## **(b) Territorial independence of patents and trademarks, which may reduce the availability of measures (international exhaustion) to prevent/repress international market discrimination: Articles 4*bis* and 6(3)\*\***

\*\* **Article 4*bis*** (1) Patents applied for in the various countries of the Union by nationals of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not. **Article 6(3)** A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.

# WIPO Copyright Treaty

(adopted in Geneva on December 20, 1996)

**Freedom to determine the type of exhaustion of copyrights, thus ensuring Parties' freedom to make available measures (international exhaustion) to prevent/repress international market discrimination: Article 6\***

\* **Article 6 Right of Distribution** (1) Authors of literary and artistic works shall enjoy the exclusive right of authorizing the making available to the public of the original and copies of their works through sale or other transfer of ownership. (2) Nothing in this Treaty shall affect the freedom of Contracting Parties to determine the conditions, if any, under which the exhaustion of the right in paragraph (1) applies after the first sale or other transfer of ownership of the original or a copy of the work with the authorization of the author.

# WIPO Performances and Phonograms Treaty (WPPT)

(adopted in Geneva on December 20, 1996)

**Freedom to determine the type of exhaustion of rights in performances and phonograms, thus ensuring Parties' freedom to make available measures (international exhaustion) to prevent/repress international market discrimination: Article 12\***

**\* Article 12 Right of Distribution** (1) Producers of phonograms shall enjoy the exclusive right of authorizing the making available to the public of the original and copies of their phonograms through sale or other transfer of ownership. (2) Nothing in this Treaty shall affect the freedom of Contracting Parties to determine the conditions, if any, under which the exhaustion of the right in paragraph (1) applies after the first sale or other transfer of ownership of the original or a copy of the phonogram with the authorization of the producer of the phonogram.



## THIRD LEVEL

**IP impossible of being alternated (*essential facilities*)**

**No WIPO-administered treaty addresses this topic.**

## 3. Considerations

- It sounds quite obvious that, by contrast with the WTO TRIPS Agreement, WIPO-administered treaties are laconic and ambiguous as far as the interface between IP and Competition is concerned.**
- However, WIPO Member States have no plans as far as harmonization is concerned. Three Development Agenda Recommendations speak of promoting a better understanding of the issues, facilitating the sharing of experiences, and considering how to better promote pro-competitive intellectual property licensing practices, but that is all.**

# Thank you!

WIPO's work on IP and Competition can be checked at

<http://www.wipo.int/ip-competition/en/>

Questions are always welcome. They should be  
addressed to

[nuno.carvalho@wipo.int](mailto:nuno.carvalho@wipo.int)