

CHAPTER 12

INTELLECTUAL PROPERTY

Article 12.1 : Objectives

The objectives of this Chapter are to:

- (a) enhance the role of intellectual property in promoting economic and social development, particularly in relation to technological innovation, transfer and dissemination of technology and trade;
- (b) reduce impediments to trade and investment through effective and adequate creation, utilization, protection and enforcement of intellectual property rights, taking into account the different levels of economic development and capacity as well as differences in their national legal systems;
- (c) maintain an appropriate balance between the rights of intellectual property owners and the legitimate interests of users and the community in subject matters protected by intellectual property; and
- (d) ensure that the intellectual property rights are effectively enforced with a view, *inter alia*, to eliminating trade in goods infringing intellectual property rights and that measures and procedures for enforcement do not themselves become barriers to legitimate trade.

Article 12.2 : General Principles

1. Each Party shall provide adequate, effective, and non-discriminatory protection of intellectual property rights, and provide for appropriate measures for the enforcement of such rights.

2. In respect of all categories of intellectual property covered in this Chapter, each Party shall accord to nationals¹ of the other Party treatment no less favorable than that it accords to its own nationals with regard to the protection² and enjoyment of such intellectual property rights and any benefit derived from such rights in accordance with Articles 3 and 5 of the TRIPS Agreement.

¹ For the purposes of this Article, the term “nationals” shall have the same meaning as in the TRIPS Agreement.

² For the purposes of this paragraph, “protection” shall have the same meaning as in the TRIPS Agreement, and shall include:

- (a) matters affecting the availability, acquisition, scope, maintenance, and enforcement of intellectual property rights as well as matters affecting the use of intellectual property rights specifically covered by this Chapter; and
- (b) the rights and obligations concerning encrypted program-carrying satellite signals set out in Article 12.8.

3. Each Party shall be free to determine the appropriate method of implementing the provisions of this Chapter within its own legal system and practice.

4. Each Party shall recognize the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives. Nothing in this Chapter shall be construed to prevent a Party from taking any action which it considers necessary for protection of its essential security interests.

Article 12.3 : Affirmation of International Agreement

1. Each Party affirms its existing rights and obligations under the TRIPS Agreement and other intellectual property agreements to which both Parties are party. Nothing in this Chapter shall derogate from existing rights and obligations that the Parties have to each other under such agreements.

2. Each Party will make reasonable efforts to ratify or accede to the following agreements:

(a) the *World Intellectual Property Organization* (hereinafter referred to as "WIPO") *Copyright Treaty* (1996); and

(b) the *WIPO Performances and Phonograms Treaty* (1996).

When a Party intends to accede to any of the treaties above, it may seek cooperation from the other Party to support its accession to and implementation of such treaties.

Article 12.4 : More Extensive Protection

Each Party may, but shall not be obliged to, provide more extensive protection for intellectual property rights under its domestic laws and regulations than this Chapter requires, provided that such protection does not contravene this Chapter.

Article 12.5 : Trademarks

Trademarks Protection

1. Each Party shall ensure adequate and effective protection of trademark in accordance with the TRIPS Agreement. However, neither Party may deny registration of a trademark solely on the grounds that the sign of which it is composed is figurative elements or the shape of goods or of their packaging.

2. Each Party shall provide that 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 that are identical or similar to those goods or services in respect of which the owner's trademark is registered, where such

use would result in a likelihood of confusion. In the case of the use of an identical sign, for identical goods or services, a likelihood of confusion shall be presumed.

Exceptions to Trademarks Rights

3. Each Party may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

Well-Known Trademarks

4. Neither Party may require as a condition for determining that a trademark is well-known that the trademark has been registered in the Party.

5. Article 6bis of the *Paris Convention for the Protection of Industrial Property* (1967) shall apply, *mutatis mutandis*, to goods or services that are not identical or similar to those identified by a well-known trademark³, 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.

6. Each Party shall provide for appropriate measures to refuse an application or cancel a registration and prohibit the use of a trademark that is identical or similar to a well-known trademark, for identical or similar goods or services, if the use of that trademark is likely to:

- (a) cause confusion with;
 - (b) mislead, or deceive the connection between the trademark with the owner of;
or
 - (c) cause harm to the reputation of,
- the prior well-known trademark.

The Parties are encouraged to apply the same measures, *mutatis mutandis*, to goods or services that are related to those identified by the well-known trademark.

Registration and Applications of Trademarks

7. Each Party shall provide a system for the registration of trademarks, in which the reasons for a refusal to register a trademark shall be communicated in writing and may be provided electronically to the applicant, who will have the opportunity to contest such refusal and to judicially appeal a final refusal.

8. Each Party shall introduce the possibility to oppose trademark applications.

³ For the purposes of determining whether a mark is well-known, neither Party may require that the reputation of the trademark extend beyond the sector of the public that normally deals with the relevant goods or services.

9. 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.

Article 12.6 : Protection against Unfair Competition

1. Each Party shall provide effective protection against unfair competition. Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. The following in particular shall be prohibited:

- (a) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (b) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (c) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods; and
- (d) acts of using, or acquiring or holding the right to use, a domain name identical with or confusingly similar to well-known trademark in each Party for the purposes specified in that Party's domestic laws and regulations, such as the intention to gain unfair profit or to cause damage to another person.

2. Each Party shall ensure in its domestic laws and regulations adequate and effective protection of undisclosed information in accordance with Article 39 of the TRIPS Agreement.

3. Each Party shall establish appropriate remedies to prevent or punish acts of unfair competition. In particular, each Party shall ensure that any person that considers its business interests to be damaged by an act of unfair competition may bring legal action and request suspension or prevention of the act, destruction of the goods which constitute the act, removal of materials and implements used for the act, or damages to compensate for the injury which result from the act, unless otherwise provided for in the domestic laws and regulations of the Party.

Article 12.7 : Patents

1. Each Party shall make patents available for any invention, whether a product or process, in all fields of technology, provided that the invention is new, involves an inventive step, and is capable of industrial application.

2. Each Party may exclude from patentability:

- (a) inventions, the prevention within its territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including to protect human, animal, or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by its domestic laws and regulations;
- (b) diagnostic, therapeutic, and surgical methods for the treatment of humans or animals; and
- (c) 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.

3. Each Party may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

4. Each Party shall disregard information contained in public disclosures used to determine if an invention is novel or has an inventive step if the public disclosure:

- (a) was made or authorized by the patent applicant, or made without authorization by the patent applicant in accordance with its domestic laws and regulations⁴; and
- (b) occurred within six months prior to the date of filing of the application in the territory of the Party.

Accelerated Examination

5. Each Party may, in accordance with domestic laws and regulations, provide an applicant with accelerated examination for the patent application on conditions that the claimed invention is:

- (a) being practiced after publication of the application by a person, other than the applicant; or
- (b) being practiced or being prepared to practice by the patent applicant.

Article 12.8 : Copyright and Related Rights

Protection of Copyright and Related Rights

⁴ The Parties agree to review the expansion of the exceptions to the novelty and inventiveness requirements for patentability contained in this subparagraph, when necessary.

1. Each Party shall provide that authors, performers, producers of phonograms and broadcasting organizations have the right to authorize or prohibit all reproductions of their works, performances, phonograms and broadcasts, in any manner or form.

2. Each Party shall provide that persons⁵ that directly or indirectly use phonograms already published for commercial purposes for broadcasting are not required to obtain permission but must pay remunerations⁶ to performers and producers of phonograms.

Collective Management of Rights

3. The Parties recognize the importance of collective management societies for copyright and related rights, in order to ensure an effective management of the rights entrusted to them, and an equitable distribution of the collected remunerations, which are proportional to the utilization of the works, performances, or phonograms, in a context of transparency and good management practices, according to the laws and regulations of each Party.

4. Each Party shall endeavor to facilitate the establishment of arrangements between their respective collecting societies for the purposes of mutually ensuring easier access to and delivery of content between the Parties, as well as ensuring mutual transfer of royalties for use of the Parties' works or other copyright-protected subject matters. Each Party shall endeavor to improve transparency with respect to the execution of the task of their respective collecting societies.

Protection of Encrypted Program-Carrying Satellite Signals

5. Each Party shall provide administrative or criminal measures in accordance with its domestic laws and regulations for the following actions:

- (a) to manufacture, assemble, modify, import, export, sell, lease, or otherwise distribute a device or system, knowing or having reason to know that the device or system is primarily of assistance in decoding an encrypted program-carrying satellite signal without the authorization of the lawful distributor of such signal; and
- (b) willfully to receive, or further distribute, a program-carrying signal that originated as an encrypted satellite signal knowing that it has been decoded without the authorization of the lawful distributor of the signal.

Limitation and Exceptions

6. Each Party shall confine limitations or exceptions to the exclusive rights granted to the right holders referred to in this Article in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holders.

⁵ "Persons" shall be understood as natural or juridical persons.

⁶ The remuneration shall be paid under the terms agreed between the user and the performers or producers of phonograms or otherwise determined in accordance with the domestic laws and regulations of each Party.

Article 12.9 : Enforcement of Intellectual Property Rights

General Obligation

1. The Parties recognize the importance of providing for the enforcement of intellectual property rights as set out in the TRIPS Agreement and in particular Articles 41 through 61 thereof.

Presumption of Authorship or Ownership

2. In civil, criminal, and if applicable, administrative proceedings involving copyright or related rights, each Party shall provide for a presumption that, in the absence of proof to the contrary, the person whose name is indicated in the usual manner is the right holder in the work, performance, phonogram or broadcast as designated.

Civil and Administrative Procedures and Remedies

3. Each Party shall provide that, in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered as a result of the infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engages in infringing activity.

4. Each Party shall provide that its judicial authorities, except in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning copyright or related rights infringement, patent infringement, or trademark infringement, that the prevailing party shall be awarded payment by the losing party of court costs or fees and reasonable attorney's fees, as provided for under that Party's domestic laws and regulations.

5. In civil judicial proceedings, each Party shall, at least with respect to works, phonograms, and performances protected by copyright or related rights, and in cases of trademark counterfeiting, establish or maintain pre-established damages. The pre-established damages shall be set out in an amount sufficient to compensate the right holder for the harm caused by the infringement.⁷

6. In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority to order the seizure of allegedly infringing goods, materials, and implements relevant to the act of infringement, and, at least for trademark counterfeiting, documentary evidence relevant to the infringement.⁸

⁷ Neither Party is required to apply this paragraph to actions for infringement against a Party or a third party acting with the authorization or consent of a Party.

⁸ A Party may fulfill this obligation by provisional measures.

7. Each Party shall provide that in relation to civil proceedings concerning the enforcement of intellectual property rights, its judicial authorities have the authority to impose sanctions on parties, their counsel, experts, or other persons subject to the court's jurisdiction, for violation of judicial orders regarding the protection of confidential information produced or exchanged in a proceeding.

8. Each Party shall endeavor, as necessary, to improve its judicial system with a view to providing effective civil remedies against infringement of intellectual property rights.

Provisional Measures

9. Each Party shall provide that its judicial authorities have the authority to order prompt and effective provisional measures on request. The judicial authorities shall also have the authority to adopt provisional measures *inaudita altera parte*, where appropriate, in particular, where any delay is likely to cause irreparable harm to the right holder, or where there is demonstrable risk of evidence being destroyed.

10. Each Party shall provide that its judicial authorities have the authority to require the applicant, with respect to provisional measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a reasonable security or equivalent assurance set at a level sufficient to protect the defendant and to prevent abuse, and so as not to unreasonably deter recourse to such procedures.

Special Requirements Related to Border Measures

11. Each Party shall provide that any right holder initiating procedures for its competent authorities to suspend release of counterfeit trademark or pirated copyright goods⁹ into free circulation is required to provide adequate evidence to satisfy the competent authorities that, under the laws and regulations of the country of importation, there is *prima facie* an infringement of the right holder's intellectual property right and to supply sufficiently detailed description of goods to make the suspected goods readily recognizable by its competent authorities.

12. Each Party may, without prejudice to that Party's domestic laws and regulations pertaining to the privacy or the confidentiality of information, authorize that Party's competent authorities, where they have detained, or seized, goods suspected of infringing an intellectual property right, to provide a right holder who has filed a request for assistance with information about goods that could assist them in pursuing a remedy. This information may include the description and quantity of the goods, the name and address of the consignor, importer, exporter or consignee, and, if known, the country of origin of the goods and the name and address of the manufacturer of the goods.

13. Each Party shall provide that goods that have been suspended from release by its customs authorities, and that have been forfeited as pirated or counterfeit, shall be destroyed or disposed of outside the channels of commerce in a manner to avoid any harm to the right

⁹ For the purposes of this paragraph, the terms "counterfeit trademark goods" and "pirated copyright goods" shall have the same meanings as referred to in Article 51 of the TRIPS Agreement.

holder. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of the goods into the channels of commerce.

Criminal Procedures and Remedies

14. Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity.

Special Measures against Repetitive Copyright Infringers on the Internet

15. Each Party shall endeavor to provide measures to curtail repeated copyright and related right infringement on the internet.

Article 12.10 : Cooperation

1. The Parties agree to promote mutual cooperation in the field of intellectual property in order to improve the efficiency and development of their intellectual property systems in a beneficial and balanced manner.

2. Upon request of a Party, the other Party will, to the extent possible and as appropriate, render assistance to the requesting Party in creation, acquisition, protection, utilization and enforcement of intellectual property for domestic innovation and economic development of that Party.

3. The Parties agree to exchange views and information on their legal frameworks, administration, registrations and protection, including information on their efforts to provide effective enforcement, of intellectual property rights.

4. The Parties also agree to cooperate, through their intellectual property offices, on the following issues:

- (a) capacity building for officials or experts on intellectual property rights;
- (b) intellectual property administration, and registration systems, including publicly accessible databases;
- (c) education and public awareness of intellectual property rights;
- (d) intellectual property commercialization and technology transfer;
- (e) improvement of quality management procedures; and
- (f) other areas agreed by the Parties.

5. The Parties, with a view to promoting transparency in their administration systems of intellectual property protection, further agree to cooperate in making available to the public information on applications for and registrations of patents, utility models, industrial designs, trademarks and other subject matters, where appropriate.

6. The Parties also agree to promote dialogue on intellectual property issues by:

- (a) designating contact points for implementation of cooperation activities under this Article; and
- (b) encouraging interaction between intellectual property stakeholders in order to broaden understanding of each other's intellectual property systems.

7. Cooperation activities shall be conducted on mutually agreed terms and subject to the availability of funds.

Article 12.11 : Definitions

For the purposes of this Chapter, **intellectual property** refers to all categories of intellectual property that are the subject of this Chapter and/or that are under Sections 1 through 7 of Part II of the TRIPS Agreement.