’Including trade in counterfeit goods’: The origins of TRIPs as a GATT anti-counterfeiting code

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Abstract
The WTO TRIPs Agreement incorporates provisions intended to address the problem of counterfeit goods in international trade, but the low profile of these provisions disguises the fact that TRIPs itself may ultimately be traced to a modest initiative by American business interests to include an “anti-counterfeiting code” within the GATT Tokyo round. This Article describes the origins and history of the code, and its gradual metamorphosis into the all-embracing TRIPs Agreement we have today. At almost every stage, there was opposition to any aspect of intellectual property protection being addressed within the GATT, as opposed to specialist organisations such as the World Intellectual Property Organisation (WIPO), but at several points in time a consensus could almost certainly have been found in favour of an anti-counterfeiting code, at the probable cost of postponing other aspects of intellectual property protection to later, or transferring the negotiations to another forum. The Article concludes by asking what was gained, and what was lost, by the exercise in forum-shifting which began with counterfeiting, and which eventually saw GATT and the WTO assume competence over almost every aspect of intellectual property law.

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Introduction

What's in a name?

Whatever storms of controversy may envelop the WTO TRIPs Agreement (to use its universally recognised abbreviation), one might have hoped there would at least be total agreement on its proper name or title. All primary WTO sources consistently refer to it as “The Agreement on Trade-Related Aspects of Intellectual Property Rights” period. None the less, an extended (but inauthentic) version of the title continuing with “…including Trade in Counterfeit Goods” is occasionally encountered, as if it were the correct formal name.\(^1\) The lengthier title was in fact in general use within the GATT\(^2\) while the TRIPs Agreement was being negotiated, and thereby hangs a tale.\(^3\)

What we now know as the TRIPs Agreement began life in the GATT in 1978 as a relatively modest proposal for an “anti-counterfeiting code” intended to be signed off as quickly as possible, and certainly well before the Uruguay Round of negotiations actually began in 1986. Over the next 15 years or so it developed into the closest thing the world has yet seen to a comprehensive international intellectual property settlement. Yet somewhere inside TRIPs there still lurks the original anti-counterfeiting proposal, or rather its distant descendants.\(^4\)

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2. Both the General Agreement on Tariffs and Trade, 1947, and the de facto international organisation which administered it.

3. Initially as the name of the relevant negotiating group, and for successive draft treaties from 1990 to 1994.

4. Principally TRIPs Articles 51 to 60, constituting Part III, Section 4, but also the unnumbered recital following those labelled as (a) to (e), and Articles 41 and 69.
The rationale for this article

Until quite recently, the publicly-documented negotiating history of the TRIPs Agreement effectively began in 1990 with the so-called “Chairman’s” and “Brussels” drafts. Despite the scholarship and inside knowledge bought to bear, in particular, by Daniel Gervais, any survey of the travaux préparatoires beginning at this point in time necessarily suffered from the disadvantage that TRIPs had already reached a remarkably advanced state of agreement by 1990, so that the relatively undocumented controversies of the recent past were to shape it much more than those of the period 1990-1994.

The negotiating period prior to 1990 was not only more significant in many ways, but it had a completely different character to that which followed. In the post-1990 period, there were detailed and comprehensive working drafts to act as a focus for consensus or disagreement, and the major controversies (such as they were) tended to be between the countries of the developed world, with the developing countries very much on the sidelines. Above all, there was by then no significant opposition to what TRIPs was eventually to cover: all and any aspects of substantive intellectual property law which could be said to be “trade-related” in some sense or other, which in practice seems to have meant almost everything except the moral rights of authors and artists. However, in the preceding period—between the start of the Uruguay Round in 1986 and the consolidated drafts of 1990—the negotiations for what became TRIPs had been polarised between North and South, between the developed countries exemplified by the United States and the European Community, and the developing ones led by India and Brazil. As Peter Drahos comments (citations omitted):

“The negotiations on TRIPS are often said to have begun properly in the second half of 1989 when a number of countries made proposals, or the first part of 1990

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6 By inference from the exclusion of Article 6bis of the Berne Convention from incorporation into TRIPs under Article 9(1) of the latter, though inventors’ moral rights under Paris Convention Article 4ter are embraced by TRIPs.

when five draft texts of an agreement were submitted to the negotiating group. A more sceptical view is that the negotiations were by then largely over.”

The most fundamental disagreement between North and South in this earlier period was over the very competence of GATT to conduct negotiations in a field previously occupied almost exclusively by WIPO, but the totemic issue around which the dispute revolved was that of customs action against counterfeit goods, and specifically the question of whether a code regulating such action took GATT to the very limit of its proper competence as the regulator and guardian of free trade in goods—or whether GATT action on counterfeits was not only entirely appropriate and desirable in its own right, but the inexorable precursor to the GATT assuming competence over virtually every aspect of intellectual property. 8

The central importance of the anti-counterfeiting code, in turn, came from the fact that this was the only aspect of intellectual property to have appeared on the GATT agenda prior to the start of the Uruguay Round, coupled with the fact that it was the only intellectual property topic on which the otherwise Delphic negotiating mandate of Punta del Este was perfectly clear. 9

As well as being of interest in their own right, the original anti-counterfeiting proposals of 1978 are significant in the history of TRIPs as being the first step in the exercise of “forum shifting” which for a time enthroned the GATT, and its successor, the WTO, as the paramount international intellectual property organisation. 10 Counterfeiters notoriously acknowledge no boundaries and respect no authorities, but it was to be their antagonists from the newly-formed International Anticounterfeiting Coalition who would first entice the intellectual property ingénues of the GATT away from their comfortable lakeside home, up into the mysterious ancestral domain of WIPO. 11 The present article will examine how trade mark counterfeiting

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9 The Uruguay Round of negotiations started with the Punta del Este Declaration in 1986.


came to be within the remit of the GATT in the first place, how the modest anti-counterfeiting code came to be expanded into the TRIPs Agreement we know today, how WIPO was slighted, and whether we might after all have been better off with the original proposal.\footnote{12}

**Is TRIPs up to the job?**

Given its origins as an anti-counterfeiting agreement, not to mention the high international profile of the problem, it is rather disconcerting to be told that the anti-counterfeiting provisions of TRIPs are failing to live up to expectations. Yet at a conference in Brussels celebrating the first ten years of TRIPs,\footnote{13} Commissioner Pascal Lamy had this to say in his opening address:\footnote{14}

> “Adopting new IP legislation is one thing. But devising the right tools to make them effective is another. Although most WTO members have adopted implementing legislation, the levels of piracy and counterfeiting continue to increase every year and has taken industrial proportions. This is a serious source of concern to us. The ever-increasing seizures at our borders of counterfeit products show what is at stake. Some of these products (like fake medications, food, electric appliances) constitute an outright danger to the public. Moreover, counterfeiting is increasingly a business run by criminal organisations, and this is unacceptable to everyone.”

The same points were made even more bluntly by other official participants:

> “On implementation, the TRIPs Agreement has hardly put a dent in the ever-growing level of trade in counterfeit goods.”\footnote{15}

\footnote{12} This article was inspired by the recent comprehensive de-restriction of pre-1990 GATT documents, which are now available on the WTO website via the Documents Online service at \url{http://docsonline.wto.org/gen_home.asp?language=1&_=1}, or, more conveniently, from Stanford University's excellent GATT Digital Library at \url{http://gatt.stanford.edu/page/home}. As such, and because of its focus on anti-counterfeiting, it does not attempt to deal systematically (whether from primary, academic or journalistic sources) with the changing political and economic background to the negotiations. For general accounts of the latter, as well as those in Stewart (1993), Gervais (2003) and Sell (2003), see Duncan Matthews *Globalising Intellectual Property Rights: The TRIPS Agreement* (London, Routledge, 2002); Gail Evans, “Intellectual Property as a Trade Issue: The Making of the Agreement on Trade-Related Aspects of Intellectual Property Rights”, (1994) 18 *World Competition* 137. The broader background to the present article is an enquiry into the reasons for, and the consequences of, the strangely limited treatment of unfair competition law in TRIPs.


\footnote{14} Opening Address by Pascal Lamy, *ibid.*, at page 11. Since 2005, Pascal Lamy has been Director-General of the WTO.

\footnote{15} Mogens Peter Carl, Director General for Trade, European Commission, *ibid.*, at page 17.
“Developed and developing WTO members are, since 2000, legally bound to respect minimum standards of intellectual property protection, but there has been an increase in piracy and counterfeiting in spite of efforts to introduce global minimum standards of IP protection.”

In the light of these observations it is surely pertinent to ask if a more limited, more timely, and above all more focussed anti-counterfeiting agreement might have achieved rather more on this front (and antagonised its counterparties very much less) than the all-singing, all-dancing agreement we have today, in which anti-counterfeiting competes for attention and resources with everything from Swiss chocolate to Cuban Salsa, from mask works to micro-organisms.

The Narrative

Anti-counterfeiting in GATT: the beginnings

With the wisdom of hindsight, the exercise in forum-shifting which resulted in the GATT supplanting WIPO as the main international negotiating arena for intellectual property issues in the period 1986 to 1994 may appear to have been so spectacularly successful, that the very real uncertainties associated with the adventure may easily be forgotten. International commercial counterfeiting was first raised as a GATT issue in 1978, shortly after successful lobbying efforts by the Levi Strauss Corporation to strengthen US Customs procedures against imports of counterfeit denim jeans, following which Levi Strauss, and its fellow members of the newly-established International Anticounterfeiting Coalition, took the initiative to the United States Government, and from there to the GATT:

“The first US firms to target inadequate foreign IPR protection were industries sensitive to trademark protection. In fact, the very idea of linking IPR and trade dates to 1978, when the Levi Strauss Corporation began a concerted effort to combat foreign counterfeiting of their trademark blue jeans. … In the spring of 1978, Levi Strauss went one considerable step further. Encouraged by the adoption of ‘codes of agreement’ during the Tokyo Round of GATT negotiations, the company banded together with a group of trademark-sensitive firms and pressed for an anti-counterfeiting code. The Office of the US Trade Representative (USTR) took up the cause and, despite introducing the initiative very late in the GATT negotiations, nearly succeeded.”

16 Paul Vandoren, Head of Unit, Trade DG, European Commission, ibid., at page 28.

17 Perla M Kuhn, “Remedies Available at Customs For Infringement of a Registered Trademark” 70 (1980) 70 Trademark Reporter 387.

The story of the draft Code is told in more detail by William N Walker, who was attorney to the International Anticounterfeiting Coalition (IACC) from its inception.\textsuperscript{19} According to him:\textsuperscript{20} “A decision was made at the outset of the Levi Strauss deliberations in the spring of 1978 to pursue stronger sanctions against overseas trade in counterfeit merchandise through formal international agreement among governments and it was felt that a multilateral negotiation was preferable to multiple bilateral efforts. In seeking suitable multilateral fora within which to pursue this initiative consideration was given to four possibilities: the Organisation for Economic Cooperation and Development (OECD), the Customs Cooperation Council (CCC), the World Intellectual Property Organisation (WIPO) and the GATT.”

Of these, the OECD was most easily rejected. Its status as a developed countries’ club was on balance a negative factor, since although agreement might be easier to reach in such an environment, the magnitude of the counterfeiting problem in many developing countries meant that it would have been counterproductive to exclude them. However, the main reason for rejecting the OECD was the fact that it did not traditionally function as a negotiating forum. Next off the list was the Customs Cooperation Council.\textsuperscript{21} This option had obvious attractions, but the CCC had no previous experience of intellectual property, and was not keen to acquire new responsibilities. It was unable to promise to put anti-counterfeiting proposals on any relevant agenda until January 1979, which was unacceptably distant for Levi’s. Levi’s could not avoid giving some consideration to WIPO, but it was the GATT which was the runaway favourite, even before its formal legal competence was examined:\textsuperscript{22} “The World Intellectual Property Organisation possesses an obvious relationship to the subject of commercial counterfeiting. It has already been recounted that the Paris Convention contains several articles which are directly to the point. Three additional conventions administered by WIPO are at least tangentially related as well. Even so, examination of these instruments revealed that, like the Paris Convention, they lacked effective requirements for signatories to enforce, through mandatory sanctions under national law, the obligations undertaken in the international agreements. Also, in the spring of 1978, preparations were underway for the renegotiation, in WIPO, of the Paris Convention. Even at that early date,  


\textsuperscript{20} Walker (1981) 36.

\textsuperscript{21} Now the World Customs Organisation, which since the mid-1980s has been increasingly active against international trade mark counterfeiting.

\textsuperscript{22} Walker (1981) 37.
however, the outline could be seen of a procedural impasse among the developing
country bloc, the Eastern bloc and the so-called Group B Western industrialised
countries which ultimately brought about the failure of the negotiating session on
the Paris Convention early in 1980. Consequently, as far as WIPO was concerned,
Levi Strauss seemed limited to the prospect of seeking to introduce the subject of
commercial counterfeiting in a low-level working party and faced the likelihood of
extensive delay in achieving any meaningful progress on the subject. Accordingly,
as with the CCC, Levi Strauss put aside the possibility of using WIPO as a
negotiating vehicle for its commercial counterfeiting initiative.

By a process of elimination, therefore, Levi Strauss arrived at the multilateral trade
negotiations then being conducted under the aegis of the GATT as the most likely
candidate for near-term progress on commercial counterfeiting. Attention was
thereupon turned to the GATT instrument itself to determine how the subject might
properly be treated.”

**Relevant GATT provisions**

From its adoption in 1947 until the Levi Strauss initiative of 1978, the GATT had very little
involvement with intellectual property. Article IX of GATT (“Marks of Origin”) contained
provisions relating to marks of origin, and to a lesser degree to trade marks:23

6. The contracting parties shall 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, to the detriment of such distinctive regional or geographical names of
products of the territory of a contracting party as are protected by its legislation. …

Apart from this, the only significant area of interaction was that measures to enforce intellectual
property rights were recognised as having (or being capable of) trade-restrictive effects, albeit
ones which were justifiable for the protection of important non-trade values. So the General
Exceptions of Article XX provided:

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 … the
protection of patents, trade marks and copyrights, and the prevention of
deceptive practices; ....

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23 GATT Art. IX(6). Reading “trade names” in the passage which follows as including trade marks,
which seems to be intended if the provision is to make sense.
This may not have been much for the IACC to go on, but bricks have been made with barely a wisp of straw, and the invocation of Articles IX and XX(d) seems to have been sufficient to get trade mark counterfeiting onto the GATT agenda.

**The draft GATT anti-counterfeiting code**

The story is continued by William Walker. By the time the GATT strategy had been decided upon, the IACC was being formed, and was able to take over the campaign.24

“\[In the spring of 1978 the Tokyo Round negotiations had been in progress for nearly five years and negotiators were under pressure from their governments to bring the process to a successful conclusion without further delay. The next Economic Summit meeting of heads of government was scheduled for 15 July in Bonn and the negotiators set that date as a deadline to conclude basic agreement on the issues remaining in the negotiations. Thus it was late in the day when the decision was made to inject the issue of commercial counterfeiting into the Tokyo Round negotiations and to seek agreement on an international anticounterfeiting code.\]

Nevertheless, we launched the process in meetings on 2 May 1978 with senior officials in the United States .... The result of these efforts was a decision by the Administration to submit our proposal to the interagency Trade Policy Staff Committee for the purpose of formally determining whether to include counterfeiting in the Administration’s negotiating mandate for the negotiations. ... In the meantime, the United States Administration had reached a decision to support an anticounterfeiting initiative and during ministerial-level meetings held in Washington on 20 June among the European Community, Japan, Canada and the United States, President Carter’s Special Representative for Trade Negotiations, Robert S. Strauss, at our urging, raised the issue with his counterparts and obtained a commitment to give consideration to the anticounterfeiting proposal with a view to reaching an agreement in principle by the 15 July deadline and negotiating an agreed instrument during the fall. ...”

All this activity resulted in the “Statement by Several Delegations on Current Status of Tokyo Round Negotiations”,25 which contained the item:

“Taking into account the provisions of Article IX as well as other relevant international agreements for the protection of trademarks, copyrights, etc., the delegations will seek actively international agreement designed to strengthen rules and procedures to counter cases of trade in counterfeited goods.”

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25 MTN/INF/33 of 13 July 1978. This document (the so-called “Framework Agreement”) was issued by several of the major industrialised countries ostensibly in an attempt to forestall disappointment over the lack of visible progress on the Tokyo Round, but also to assert their own agenda for the future.
However, in the context of the actual GATT negotiations at the time, the promise of action against counterfeiting and piracy must have seemed either premature or opportunistic—since neither of them was then on the Tokyo Round agenda at all, though counterfeiting alone would be raised almost immediately as an issue in the Customs Matters sub-group of the Non-Tariff Measures Negotiating Group.  

“Under ‘Other Business’, the United States delegation emphasized the need for the elaboration of international rules concerning the prevention of commercial counterfeiting which should be negotiated in the Sub-Group in the autumn. A number of other delegations gave general support to this proposal.”

The United States duly made a formal Request for Consultations on the problem of commercial counterfeiting on 5 September 1978, with informal negotiations following. On 11 December 1978 the first draft agreement was circulated, in terms proposed by the United States. This addressed counterfeiting solely in terms of cases of trade mark (or trade name) infringement where the imitation was identical or indistinguishable, and its objectives were self-evidently to provide effective and uniform summary procedures to prevent imported counterfeit merchandise (in this strict sense) passing customs and entering the domestic market. To this end, its main substantive provisions would have provided for counterfeit merchandise to be detained or seized on importation, with a view to depriving all parties involved of their expected profits. Further articles provided for the disposal of counterfeit goods, for mutual exchange and publication of information, and for review. Enforcement of the Agreement itself on the international plane, and dispute resolution, were to be within the jurisdiction of a newly-established Committee on Commercial Counterfeiting consisting of all states party to the agreement, which would be assisted by GATT-like ad hoc panels and working parties.

The end of the Tokyo Round

The Tokyo Round negotiations should have been completed in December 1978, but the deadline was postponed until 15 April 1979. The draft of December 1978 was superseded by

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27 Circulated as MTN/NTM/W/187 of 12 September 1978.
28 MTN/NTM/W/204 of 11 December 1978, reproduced at Appendix 1 to this article. At this stage the draft agreement as such did not have a title.
29 Article III.
30 ibid., Article I.
another US draft in March 1979. This was less legalistic in its substantive obligations, but more politically aware, and potentially broader in scope, since new bracketed text was introduced referring to copyrights, designs and models, in addition to trade marks and trade names. To that end the only substantive Article declared that the parties agreed to act to discourage trade in counterfeit merchandise, to deal with its importation so as to minimise consumer deception, to deprive the parties to the transaction of its economic benefits, and to provide effective sanctions and deterrents. Further articles, on a slightly more expansive basis than before, provided for the much the same supplementary matters as in the previous draft. There is no indication that the (draft) Agreement was intended to be compulsory for GATT members: it would have fallen into the category of optional GATT-related agreements generally given the name of “codes”, which were open to members of GATT to join, or not, as they wanted, and the recitals (which had been absent from the December 1978 Draft), attempted to place the proposal in a suitable GATT-related framework.

Until this point in time, the proposed anti-counterfeiting code seems to have been entirely a United States initiative, whether on the private or international plane. We have seen that when the United States formally adopted the IACC initiative, it attempted to obtain wider support, but this does not initially appear to have produced any formal results beyond the paragraph in the so-called “Framework Agreement”. This takes us almost up to the end of the Round, as recounted by Walker:

“The negotiators were unable to complete work on the Tokyo Round negotiations by the 15 December 1978 deadline set at the Bonn summit and 15 April 1979 became the new target date. During the ensuing months, however, in the rush to complete the other elements of the final ‘package’, the anticounterfeiting effort became sidetracked and work on it was not completed by the time the negotiations were finally concluded. Nevertheless, the United States and the European Community agreed bilaterally that work would continue on the anticounterfeiting code and that the code as finally negotiated between them would be included in the final package of Tokyo Round agreements.

31 [Draft] Agreement on the Sanctions to be Imposed upon the Importation of Counterfeit Merchandise. MTN/NTM/W/225 of 9 March 1979 (see Appendix 2).

32 Defined in terms of a spurious trademark, with references to trade names, copyright, designs and models all in brackets.

33 Thereby broadening its political base, and aligning the draft more closely to Article XX(d) of GATT 1947.

34 The intended status of the Agreement as a voluntary “code”, rather than as one of the mandatory GATT texts, is confirmed by Walker. In particular, Walker (1980) at page 131 contemplated that the signatories would be mainly, or even exclusively, developed countries.
Intensive negotiations resumed on 30 May 1979 in Washington and continued in Geneva during June and July. Finally, on 20 July, only fourteen months after initiating the effort, agreement was reached ad referendum between the United States and the European Community on the text of the draft International Anticounterfeiting Code. It was optimistically expected that most other developed countries would promptly accede to the Code and that ratification could be completed before the end of the year. But that outcome was not to be.”

The next draft agreement was indeed circulated in July 1979 under the joint sponsorship of the United States and the European Community. It marked a retreat from the March 1979 draft in so far as it no longer addressed intellectual property rights other than trade marks, but the drafting was a degree more positive in the obligations it imposed, and the definitions were more precise. Even so, the draft acknowledged that it did not affect substantive intellectual property law, and left considerable latitude for states in its implementation. However, despite a bilaterally agreed text and the support of the EC, the Code was not included among the texts opened for signature as part of the Tokyo Round, and the latter concluded in 1979 without adoption of any of these measures. Thereafter counterfeiting seems to have disappeared from active consideration within GATT until 1982-3.

Renewed efforts, 1982-1986

An immediate review of unfinished business from the Tokyo Round was held by the GATT Consultative Group of Eighteen (G-18) in April and October 1979, but neither anti-counterfeiting, nor any other aspect of intellectual property, was mentioned, nor was either topic identified in the work program adopted at the 35th Session of the Contracting Parties in 1979. According to a member of the USTR's office in Geneva:

35 L/4817 of 31 July 1979 (Appendix 3).
36 Trade names, which might be thought to be closely analogous to trade marks, were no longer mentioned, nor were copyrights, designs or models.
37 Article I(3).
38 For details, see Walker (1981) at 43. There was no “round” as such in progress between completion of the Tokyo Round in 1979 and commencement of the Uruguay Round with the Punta del Este declaration in 1986.
40 ibid.
“In 1980 and 1981, the US delegation continued to discuss the proposed commercial counterfeiting code bilaterally with other contracting parties, particularly Canada, Japan and Switzerland. In September 1981, the United States and EEC jointly sponsored a series of informal meetings in Geneva to pursue negotiations on a final text, but the meetings led to progress only with other developed countries and no formal GATT activity on commercial counterfeiting ensued.

The early efforts in the GATT seeking multilateral agreement on protection of intellectual property rights focused only on trade in counterfeit goods. This was because commercial counterfeiting had become such a serious problem for trademark owners in a number of countries.”

The draft anti-counterfeiting code did indeed remain out of sight until October 1982, when a revised version of the 1979 draft agreement was circulated with the support now of the United States, the EC, Japan and (with some reservations) Canada.\(^{41}\) It contained some differences in wording compared to the 1979 draft, but like that it was confined to trade mark counterfeiting and to the strengthening of border measures and the enhancement of international cooperation, as opposed to any changes in substantive law. The intergovernmental meetings which constituted the 38th GATT Session resulted in a Ministerial Declaration of 29 November 1982\(^ {42}\) which contained the paragraph:

"TRADE IN COUNTERFEIT GOODS
The CONTRACTING PARTIES instruct the Council to examine the question of counterfeit goods with a view to determining the appropriateness of joint action in the GATT framework on the trade aspects of commercial counterfeiting and, if such joint action is found to be appropriate, the modalities for such action, having full regard to the competence of other international organizations. For the purposes of such examination, the CONTRACTING PARTIES request the Director-General to hold consultations with the Director-General of WIPO in order to clarify the legal and institutional aspects involved."

According to Bradley this represented only a “partial success … a modest work program for … trade in counterfeit goods.” A number of developing countries, especially Brazil and India, disputed the legal competence of GATT to become involved in with counterfeiting at all, and the ministerial mandate left this issue open. The opportunity for WIPO to become involved irked the US delegation, and no time limit was set for the relevant anti-counterfeiting negotiations, which were apparently viewed as less urgent than those over “safeguards”, agriculture, services, and quantitative restrictions.\(^ {43}\)

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\(^{42}\) L/5424 of 29 November 1982.

Pursuant to this authority, the Director-General of GATT held consultations with his opposite number at WIPO, Dr Arpad Bogsch, which included a briefing on the relevant provisions of the Paris Convention.

In July 1983, the European Communities circulated a position paper on the prevalence and harmful effects of counterfeiting of branded goods (the paper drawing on material supplied by the European Association of Branded Goods Manufacturers), but this did not include any legislative proposals.

The 40th GATT Session in November 1984 issued a renewed and more detailed Ministerial Statement on counterfeiting:

“While supporting work in other fora, and in pursuance of the 1982 Ministerial Decision on Trade in Counterfeit Goods and taking into account the work already done, the CONTRACTING PARTIES:

(a) decide that the secretariat documentation consolidating available background information and other relevant documents submitted by interested contracting parties be examined by a group of trade policy experts and other experts, including those specializing in intellectual property rights, with a view to facilitating the decisions which the Council is called upon to take, including a further clarifying of the legal and institutional aspects involved. The Expert Group would be open to all contracting parties;

(b) agree to invite the Director General of WIPO to nominate an expert to participate in the discussions; and

(c) agree that the Expert Group mentioned in (a) would report to the Council as soon as feasible but not later than the next regular Session of the CONTRACTING PARTIES on the results achieved. The Council will consider the matter, having regard to the 1982 Ministerial Decision.”

The Experts’ Group was duly appointed, held six meetings, and circulated its report in October 1985. However on most, if not all, of the issues before it, the Group was unable to reach a consensus, and could only record the range of positions supported by its various members. There were fundamental disagreements as to the extent and seriousness of the trade in counterfeit goods; the adequacy or inadequacy of existing international law, both in theory and in practice; the necessity for multilateral action as opposed to national action; the competence

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44 Report by Director-General on Consultations with Director General of WIPO, C/W/418 of 16 May 1983.


46 Report of the Group of Experts on Trade in Counterfeit Goods. L/5878 of 5 October 1985. Meetings of the Expert Group are recorded at MDF/8, 9, 11, 14, 19 and 22. Background documents include MDF/W/19 (Secretariat), MDF/W/25 (India) and MDF/W/30 (United States).
(or not) of GATT to take such multilateral action; the relative appropriateness of taking multilateral action through GATT rather than WIPO; and the “modalities” which GATT action might take. Two of the few things on which the Experts agreed, if only pro tem, were to confine their deliberations to the context of registered trade marks (or very close imitations) applied to counterfeit goods, and to distinguish counterfeits from parallel imports. The report of the Expert’s Group was inevitably inconclusive (internal references omitted):47

“The work of the Group has been essentially directed towards facilitating the determination of the appropriateness of joint action in the GATT framework on the trade aspects of commercial counterfeiting, which determination the Council is required to make by the Ministerial Declaration of 1982. In this regard, the Group agreed to examine questions relating to trade in goods bearing unauthorized representations of legally-protected trademarks, but it was understood that, if it were decided that joint action should be taken in the GATT framework, consideration would also need to be given to counterfeiting affecting other forms of intellectual property rights. On some issues related to the question of appropriateness, although there were differences of perception or interpretation, there was a measure of agreement in the group, which can be found summarized under the pertinent headings of this report …. However, the Group was unable to come to a common view on the basic question—whether or not it would be appropriate to take joint action in the GATT framework on the trade aspects of commercial counterfeiting …. The Group considered that this was a policy question and that its examination could not be carried further at the expert level.”

Preparing for Uruguay

Meanwhile, preparations for what was to become the new Uruguay Round had begun. At the first meeting of the Preparatory Committee the Chairman announced that one of the agenda items for discussion for possible inclusion in the Round would be “trade in counterfeit goods and other aspects of intellectual property”.48 This item was discussed at the third meeting, but without any outcome being minuted.49

The Experts’ Report was considered along with other proposals for the new Round at the next Preparatory Committee meeting on 17-20 March 1986.50 The United States delegation declared that it expected the issue of counterfeiting “to be taken up expeditiously and intensive negotiations to proceed from the outset, with the aim of curbing international trade in

47 L/5878 at para. 35.

48 Preparatory Committee—Note on First Meeting. PREP.COM(86)1 of 31 January 1986.

49 The document Preparatory Committee—Note on Third Meeting (PREP.COM(86)3 of 7 March 1986) simply noted that discussions took place.

50 PREP.COM(86)SR/3 of 11 April 1986, paras 21-37.
counterfeit goods”; but also prefigured an ambitious agenda for “the better protection of …
patents, trademarks, trade dress, copyright, mask works, [and] trade secrets” which might be
expected to go beyond the existing international conventions.\(^{51}\) The EC delegate “looked to the
GATT to reach agreement on broadly acceptable rules dealing with trade aspects of
counterfeit” and “would find it remarkable, and unacceptable, if the GATT were now to ignore
the issue”; but gave no immediate support to the second half of the American agenda.\(^{52}\)

On the other side, Brazil\(^{53}\) (expressly supported by India, Argentina and Cuba) was adamant
that any future action against counterfeiting should take place in WIPO, and blamed the
developed countries for delay in supporting an initiative there, and for diverting attention away
from GATT’s proper mandate of trade liberalisation. The record of the session ended with the
EC asserting that “the argument over competence was being used to delay action” and that
there was a “proper role for GATT without substituting for WIPO”\(^{54}\) (without being more
specific); whereas according to India:\(^{55}\)

> “[T]he area of counterfeiting and intellectual property, … was within the
> competence of WIPO. … To extend the GATT in this area would not be of service
> either to individual contracting parties or to the GATT itself.”

The level of (dis)agreement is recorded in a short but pointed note by the Secretariat dated 28
April 1986.\(^{56}\) After reciting the conflicting positions it concluded:

> “Points for further discussion
> 4. In the area of trade in counterfeit goods the main questions are now familiar.
> They include:
> (a) Would the proposals put forward in this area require the CONTRACTING
> PARTIES to go beyond their existing competence to facilitate the operation and
> further the objectives of the General Agreement as laid down in Article XXV?
> (b) Assuming that this question is settled, is it appropriate to deal with problems
> of trade in counterfeit goods in the new round given, inter alia, the competence

\(^{51}\) ibid., para. 22.

\(^{52}\) ibid., para. 23. Other developed countries generally took a similar line to the EC, supporting
GATT action on counterfeits but leaving other aspects of intellectual property to WIPO.

\(^{53}\) ibid., para. 24.

\(^{54}\) ibid., para. 35.

\(^{55}\) ibid., para. 36.

\(^{56}\) Trade in Counterfeit Goods and other Aspects of Intellectual Property. PREP.COM(86)W/20 of 28
April 1986.
of other organizations? If so, how should account be taken of their competence? Should the Declaration lay down specific objectives and define the scope of negotiations in this area?

5. In regard to ‘other aspects of intellectual property’, can these aspects and the problems to be addressed be more clearly defined? It would then be necessary to address the same questions as outlined in paragraph 4 in relation to trade in counterfeit goods.”

The Uruguay Round gets under way

In the narrow sense, the history of TRIPs began with the Punta del Este Declaration which launched the Uruguay Round of negotiations on 20 September 1986, and which included, under the heading, “Trade-related aspects of intellectual property rights, including trade in counterfeit goods”, the following statements:

“In order to reduce the distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights 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 counterfeit goods, taking into account work already undertaken in the GATT.

These negotiations shall be without prejudice to other complementary initiatives that may be taken in the World Intellectual Property Organization and elsewhere to deal with these matters.”

However, there were ambiguities on the face of the declaration, as well as currents beneath the surface. There was initial disagreement within the Western industrialised countries as to the

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57 GATT/1396.

58 Two further sets of provisions of the Declaration are worth noting in view of subsequent developments. First, under the heading of “Standstill and Rollback” (Section C) the Ministers agreed (i) not to take any restrictive or distorting trade measures inconsistent with GATT, (ii) not to take otherwise legitimate measures in so far as they went beyond what was necessary to remedy specific situations, and (iii) “not to take any trade measures in such a manner as to improve its negotiating positions”. The final paragraph of the Declaration provided, under the heading of Implementation of Results, that “When the results of the Multilateral Trade Negotiations in all areas have been established, Ministers meeting also on the occasion of a Special Session of CONTRACTING PARTIES shall decide regarding the international implementation of the respective results.” The latter would constantly be invoked in the TRIPs negotiations whenever it was desired to postpone difficult decisions as to the Negotiating Group’s competence, or the appropriateness of specific proposals going forward in GATT rather than elsewhere.
strategy to pursue: to go for quick agreement on an anti-counterfeiting code, to hold out for a comprehensive settlement, or to try for both? According to Susan Sell (citations omitted):  

“In 1986, at the outset of the Uruguay Round, several western delegations wanted to resuscitate the draft proposal to cover counterfeiting of trademarked goods. Their goal was to negotiate a narrow Anti-Counterfeiting Code period—leaving more comprehensive suggestions to later negotiating rounds. In the early phases of the Round, meetings between American and European trade officials were dominated by debates over GATT's competence to deal with IP issues beyond trademark counterfeiting. As one participant points out, when negotiators initially discussed intellectual property at Punta del Este

‘the feeling was that this was going to be a sort of side issue... [The Anti-Counterfeiting Code] looked like it was in a form that could be adopted. The politicians and policy people could then exclaim, “Hooray, we’re showing you that we’re doing something.” The scenario turned out to be surprisingly different than that.’

The American IP activists, particularly the IPC, warned against quick adoption of an Anti-Counterfeiting Code fearing that, if adopted, it would end IP discussions in the Round and prevent the consideration of a more comprehensive code.

Jacques Gorlin, an economist, consultant and adviser to the IPC, worked hard to convince the IP section of the American Bar Association that IP interests would not be subordinated to trade interests. Some IP attorneys feared that linking intellectual property to trade would lead to horse trading and that intellectual property might get sacrificed for a deal on agriculture. Therefore, they initially preferred to avert the risk by leaving intellectual property out of the multilateral negotiations altogether. Gorlin addressed the IP section of the American Bar Association at its annual meetings and emphasized that using the trade card would, in fact, strengthen IP protection, and that the IP activists had no intention of trading it off for other issues, or weakening it in any way.”

**From Uruguay to Montreal**

Within the scope of the present article it would be impossible to recount anything like the whole development of the TRIPs Agreement between 1986 and 1994, and in any event the later stages are much better known and understood than those before the Punta del Este declaration, whether in terms of contemporary news reporting, access to primary source materials, or scholarly comment. The present section is therefore limited to describing the further development, and eventual adoption, of the relevant anti-counterfeiting provisions by what was now cumbrously entitled “The Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods” (or “NG11” for short). The

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59 Sell (2003) at page 41. The “IPC” is the Intellectual Property Committee, a private lobby group.

shift in emphasis turned out to be significant, and the words following the comma would never find their way into the title of the Agreement finally executed at Marrakech.\textsuperscript{61}

The official Negotiating Plan for the Uruguay Round, which included the TRIPs Agreement work programme, was agreed on 28 January 1987.\textsuperscript{62} In so far as counterfeit goods were concerned, it provided for their discussion as one of three items or “indents” in an “initial phase”.\textsuperscript{63}

“Trade in counterfeiting goods: Examination of the matters to be dealt with in this area on the basis of the report of the Group of Experts (L/5878), of other work already undertaken in the GATT and of papers by participants setting out their suggestions for achieving the negotiating objectives. Other factual information as required.”

With the Punta del Este Declaration adopted, and the Uruguay Round formally under way, the United States was adamant that the fullest possible range of intellectual property issues should be addressed in the Round. It first announced its detailed intentions at a meeting of the Negotiating Group on 25 March 1987,\textsuperscript{64} in a document which concluded:

“As an immediate step, the United States suggests that interested Contracting Parties should immediately sign the current draft Agreement On Measures To Discourage The Importation Of Counterfeit Goods without modification or further negotiation on the text. Signing the anticounterfeiting code is but a first step and does not preclude suggestions or submission of texts on further measures to improve protection and enforcement of rights relating to trade in goods bearing trademarks as part of the broader effort on intellectual property rights.”\textsuperscript{65}

\textsuperscript{61}Drafts prepared and named by the Secretariat adopted the longer form, with little consistency among national proposals. The present simplified title was proposed by the GATT secretariat as one of a number of minor drafting amendments very shortly before conclusion of the Final Act of the Uruguay Round, in document MTN/FA/Corr.4 of 22 February 1994 at page 49, where “… Including Trade in Counterfeit Goods” is struck through. Not many of the proposed drafting amendments of /Corr.4 were adopted, but the simplification of the title was one of them.

\textsuperscript{62}GATT/1405 of 5 February 1987. For L/5878 see above, at n. 46.

\textsuperscript{63}ibid., page 21. The two other agenda items or “indents” for this phase were “identification of relevant GATT provisions”, and the relationship with “initiatives in other fora”. The overall effect was to put counterfeit goods at the top of the intellectual property agenda, though without asserting or conceding the general competence or appropriateness of GATT as a forum, even to that extent. The agenda beyond this point was very vague and non-committal.

\textsuperscript{64}Statement by United States at Meeting of 25 March 1987, MTN.GNG/NG11/W/2 of 3 April 1987. At about the same time, the EC circulated the text of its newly-adopted Regulation 3642/86 laying down Measures to Prohibit the Release for Free Circulation of Counterfeit Goods, MTN.TNG/NG11/W/3 of 3 April 1987. For the minutes of the meeting of 25 March, which display a complete lack of consensus on every conceivable issue, see MTN.GNG/NG11/1 of 10 April 1987.

\textsuperscript{65}ibid., page 4.
There was express discussion of this and other anti-counterfeiting proposals at the meeting, but nothing was conclusive.\textsuperscript{66} Once again, there were two divisions: the more basic over whether there should be any GATT involvement at all; but the GATT activists were themselves divided between those who would press ahead with a limited anti-counterfeiting code as a matter of priority, and those who wanted action across a much wider front, even at the cost of slower progress all round. There was also disagreement as to whether the 1982 draft needed any reconsideration or not.\textsuperscript{67}

“In regard to how the Group should pursue its work on trade in counterfeit goods, one suggestion was that interested contracting parties should immediately sign, without modification or further negotiation, the draft Agreement on Measures to Discourage the Importation of Counterfeit Goods, circulated in 1982 as document L/5382. Some participants indicated that they would study this proposal but felt that the Group should take a fresh look at this draft with a view to examining possible improvements in the light of developments since it had been prepared. Some suggestions put forward in this regard are outlined in paragraph 11 above. The view was also expressed that the 1982 draft would not be an appropriate basis for the work; the work should be pursued in accordance with the initial phase of the Negotiating Plan, under which the basis was the Report of the Group of Experts on Trade in Counterfeit Goods, other work already undertaken in GATT and papers by participants. In this regard, it was pointed out that the Group would need to take into account that the report of the Group of Experts reflected the situation before the Declaration of Punta del Este. Some participants stressed that the scope of the work in this area should be extended beyond counterfeiting associated with trademark infringement to the whole problem of counterfeiting, which often involved the violation of other types of intellectual property rights. ….

It was noted that certain other international organizations were engaged in activities regarding trade in counterfeit goods and reference was made to studies prepared and information put together by these organizations. It was agreed that the secretariat should contact the secretariats of WIPO, UNESCO and the CCC to seek and make available to the Group such information as might be available.”

WIPO, UNESCO and the CCC duly replied. In fact, the Director-General of WIPO had already written to his opposite number at the GATT requesting that his organisation should “be fully associated in all activities that GATT will undertake in the field of intellectual property, including the question of counterfeit goods,” and that WIPO should be invited to attend all relevant negotiations and committee meetings.\textsuperscript{68} More than six months later, that letter had not

\textsuperscript{66} MTN.GNG/NG11/1 of 10 April 1987, paras 14 ff.

\textsuperscript{67} ibid., para. 15 onwards. Following the March meeting, the Secretariat compiled a review of previous work done by GATT in relation to intellectual property, and especially in relation to trade in counterfeit goods, where GATT had been most active (MTN.GNG/NG11/W/4 of 6 May 1987).

\textsuperscript{68} MTN.GNG/NG11/W/1 of 25 February 1987, reproducing a letter of 13 October 1986.
received a reply. WIPO now reiterated that its objective was to promote the protection of intellectual property, and that all its initiatives were in that field. So far as counterfeit goods were concerned, a session of a WIPO committee of experts had taken place in the previous year, and a second was to take place in May 1987. UNESCO’s response declared some joint initiatives with WIPO against copyright piracy, but acknowledged that it had no relevant interests or activities outside the field of copyright and neighbouring rights.

The CCC declared an active interest in anti-counterfeiting activities, dating back to a WIPO-organised forum in 1981, and the ruling Council had given top priority to the issue since 1984. Work in hand included drafting model enabling legislation, which was expected to be completed by the CCC’s Permanent Technical Committee in November 1987, and using its existing Enforcement Committee (and related international mechanisms) to co-ordinate efforts by those members which already empowered their customs authorities to intervene in cases of suspected counterfeiting. The CCC itself favoured giving national customs authorities competence against trade in counterfeit goods (which was not then the case in the majority of its member states) but the decision to add another role to the existing duties of the customs authorities was for individual member states, and involved difficult questions of priorities and allocation of resources. The CCC did not have any interest in formulating substantive intellectual property law, and acknowledged that the issue of whether counterfeiting had taken place in a particular instance was for courts of law, rather than the customs authorities.

Turning from counterfeiting to the general work of the Negotiating Group, the secretariat circulated a composite document containing the submissions of the three major participants (the EC, Japan, and USA) on “Trade Problems Encountered in Connection with Intellectual

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69 MTN.GNG/NG11/W/5 of 19 May 1987, reproducing the text of the WIPO Director-General’s letter of 4 May 1987. There is an understandably acid bite to the latter’s observation that it was difficult to state the extent to which the activities of the GATT Negotiating Group overlapped with those of WIPO, when the Group controlled its own agenda, which it had not seen fit to notify to WIPO in any degree of detail. The results of the WIPO May 1987 meeting of experts were forwarded on 2 July 1987 and circulated as MTN.GNG/NG11/W/5/Add.3 of 21 July 1987.

70 MTN.GNG/NG11/W/5/Add.2 of 4 June 1987, reproducing a letter from the Director-General of UNESCO (undated).

71 MTN.GNG/NG11/W/5/Add.1 of 29 May 1987, reproducing a letter from the Secretariat of the Customs Co-operation Council (undated).
Property Rights. All three made reference to the problem of counterfeiting or inadequate border measures, but not with any sense of priority over other issues. The Group's meeting of 10 June 1987 devoted a session to trade in counterfeit goods and considered various documents prepared or received. Once again, there was no agreement on the relationship between counterfeiting and other aspects of intellectual property, nor was there any agreement on immediate adoption of the 1982 anti-counterfeiting draft. A suggestion by Brazil was that before further discussing the draft anti-counterfeiting code, countries should first sign the 1891 Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, with the latter to be extended (by negotiations within WIPO) from indications of source to registered trade marks.

The Group's meeting in September took the Secretariat's compilation as a working document, and since the compilation gave no prominence to anti-counterfeiting as a separate topic the latter seemed at risk of losing its status as one of the three nominate "indents" of the initial phase of the negotiating plan. At further meetings in October and November, some countries addressed counterfeiting as part of the general treatment of intellectual property in trade under the first indent, others as a separate topic under the second. Such discussions on the issue of counterfeiting as there were at all these meetings appear to have been highly

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72 MTN.GNG/NG11/W/7 of 29 May 1987. Submissions from the Nordic countries were circulated later, as an addendum: MTN.GNG/NG11/W/7/Add.1 of 9 June 1987. Further submissions are not individually noted here since a compilation was produced as MTN.GNG/NG11/W/12 of 11 August 1987, and subsequently updated.

73 MTN.GNG/NG11/2 of 23 June 1987, see paras 9 et seq. All reported observations on the 1982 draft seem to have favoured extending it beyond trade mark counterfeiting simpliciter, suggesting that it was already being considered as a Trojan horse for a more TRIPs-like agenda. Following this meeting, the 1982 Draft was re-circulated as MTN.GNG/NG11/W/9 of 25 June 1987. (The second explanatory passage on the cover sheet of the latter is from 1982, not 1987.)

74 MTN.GNG/NG11/2 para. 14, read in conjunction with MTN.GNG/NG11/W11 of 9 July 1987, as well as MTN.GNG/NG11/4 para 3, from which it is possible to attribute the proposal to Brazil.

75 MTN.GNG/NG11/3 of 8 October 1987. A representative of the Customs Co-operation Council contributed, see para 14.

76 These being trade-related aspects of intellectual property rights (understood in a much more literal sense than now), trade in counterfeit goods, and the relationship between the GATT negotiations and those in other fora.


repetitive of previous arguments and positions. With hindsight, the most interesting suggestion canvassed at the November meeting was to deal with counterfeiting (specifically) by amending Article IX:6 of the GATT agreement itself, thereby making its application to all members automatic and compulsory, unlike any of the draft “codes” then under consideration.

Meanwhile, several of the major participants had tabled proposals during Autumn 1987. In a document entitled “Suggestion by the United States for Achieving the Negotiating Objective” the US projected an agenda which is recognisably that of TRIPs as we know it today: a multilateral dispute mechanism, procedures for dealing with imports infringing all kinds of intellectual property rights, defined minimum standards of protection for the principal nominate rights of interest to the US, and improved enforcement procedures under national law. However, in so far as customs enforcement and the anti-counterfeiting agenda were concerned, its substantive proposals lacked detail, and were incorporated into those for other aspects of enforcement. The EC agenda gave separate prominence to border measures, but again within the context of wide-ranging proposals for intellectual property rights as a whole. The Japanese submission was in very general terms, and did not distinguish between enforcement by border measures or elsewhere.

The proposed draft model law of the Customs Co-operation Council was received and circulated in January 1988. The general technique of the model law was to provide for two alternatives, designated Parts I and II (with a supplemental Part III applicable in both cases). The difference was that Part I contemplated unilateral action by Customs with the occasional

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79 There were two clear camps, one in favour of subsuming counterfeit goods into intellectual property generally, the other in favour of keeping their treatment distinct, but neither camp at this stage seems to have favoured accelerated action or preferential treatment for the anti-counterfeiting code. Proposals to adopt the 1982 draft as an interim measure seem to have disappeared by end-1987.

80 MTN.GNG/NG11/5 at para. 33. The proposer (as usual) is not identified.

81 MTN.GNG/NG11/W/14 (USA), MTN.GNG/NG11/W/15 (Switzerland—a very brief document), MTN.GNG/NG11/W/16 (EC), MTN.GNG/NG11/W/17 (Japan). A short proposal by the Nordic Countries followed in 1988 as MTN.GNG/NG11/W/22, and a more extensive one by Switzerland as MTN.GNG/NG11/W/25. For an extract from MTN.GNG/NG11/W/14 see Appendix 4.

82 MTN.GNG/NG11/W/14 of 20 October 1987. (NB, W/14/Rev.1, dated nearly a year later, is a much more extensive document and not a mere revision, see below).

83 MTN.GNG/NG11/W/5/Add.5 of 25 January 1988, circulating correspondence from the CCC dated 15 January 1988. The CCC draft Model Law (with commentary) is included under the title “Customs Co-Operation Council Draft Model for National Legislation to give the Customs Powers to Implement Trademark and Copyright Legislation”.

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intervention of the rights-owner, whereas Part II was dependent on the rights-owner taking the initiative by lodging an application for customs protection. Under both parts, counterfeit and pirated goods were defined in terms of trade mark and copyright infringement, and under Part I these were to be treated as “prohibited goods” for the purposes of national customs law. Article 1 therefore provided that the importation or exportation of counterfeit or pirated goods was prohibited, and that any such goods were liable to forfeiture. Article 2 provided for the customs to exercise the same functions and powers as for existing categories of prohibited goods. Article 3 equated criminal penalties to those applying to domestic production, and Articles 4 and 20 provided for forfeited goods to be destroyed or disposed of without prejudice to the rights owner. Article 5 provided for appeals, and Articles 6 and 7 of Part I empowered customs to seek the assistance of the rights-owner. Part II (Articles 8 to 19) alternatively defined the relationship between Customs and the rights-owner on the basis that it was generally for the rights-owner to apply for protection, with the role of Customs being confined to suspending clearance of suspect goods. This and other initiatives before non-GATT international organisations were summarised in a note by the Secretariat.

Another meeting of the Negotiating Group on 29 February to 3 March 1988 cannot be said to have made any progress on the issue of counterfeit goods, but soon afterwards a memorandum by the Secretariat did at least provide a summary of everyone’s position. The latter noted that there were five positive proposals on the table: adoption of the 1982 draft Agreement; the Brazilian proposal a propos the Madrid Agreement; and three separate suggestions from the USA, EC and Japan incorporating trade in counterfeit goods into an overarching agreement on intellectual property generally. These five were compared in a synoptic table. The Secretariat’s document is impressive in its thoroughness, but although it tends to play down political

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84 Defined as “any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark and which thereby infringes the rights of the owner of the trademark in question under the legislation of the country of importation or exportation.”

85 Article 20, providing for destruction or non-prejudicial disposal, was the sole article of Part III.

86 MTN.GNG/NG11/W/20 of 8 February 1988: “Activities in other International Organizations of Possible Interest in Relation to Matters Raised in the Group”. Apart from the CCC Model Law, the WIPO anti-counterfeiting programme was the most relevant for present purposes.

87 MTN.GNG/NG11/6 of 8 April 1988.

88 MTN.GNG/NG11/W/23 of 26 April 1988: “Trade in Counterfeit Goods: Compilation of Written Submissions and Oral Statements”. This also dealt with the issue of anti-counterfeiting measures as a potential barrier to legitimate trade.
divisions it is noticeable that agreement on the nature of the problem was not matched by any consensus on how to address it. The next meeting of the Group on 16-19 May must have dispelled any misconception that agreement was at hand. In 26 paragraphs extending over 7½ single-spaced pages, every conceivable way forward was proposed, and controverted. The meeting on 5-8 July did not reach any further agreement, but it did have the benefit of a report on the anti-counterfeiting activities of WIPO, and the CCC also reported progress on promulgation of its draft Model Law as a formal Recommendation to its member states, with a view to adoption of the latter by its own Council in mid-1989. At a more senior level than the TRIPs Negotiating Group, it may be noted that the meeting of the Group of Negotiations on Goods over 25-26 July minuted complaints from various developing countries that the TRIPs group was exceeding its mandate, but this was denied by other delegations and no agreement or action resulted. At the Negotiating Group’s meeting of 12-14 September 1988 there was no separate discussion of anti-counterfeiting.

One year after their first appearance, the US proposals were circulated in a revised form with much additional detail. There were now detailed proposals in their own separate Part for “Proceedings Related to Border Measures”, but there was little time to review these, let alone to attempt to build a consensus, before the so-called “Mid-Term Review” meeting of trade ministers took place at Montreal in December 1988. Meetings of the Negotiating Group took

89 MTN.GNG/NG11/7 of 21 June 1988. Also at this meeting, a wide-ranging document from WIPO (“Existence, scope and form of generally internationally accepted and applied standards/norms for the protection of intellectual property”, MTN.GNG/NG11/W/24) was discussed.

90 The WIPO Committee of Experts met in April 1988, and its documents were circulated within GATT under MTN.GNG/NG11/W/5/Add.5 on 20 June 1988.

91 MTN.GNG/NG11/8 of 29 August 1988. The July meeting was notable mainly for debate over a renewed and expanded submission by Switzerland, which raised much more clearly than before the question of whether the negotiations were really about one or more voluntary codes, or substantive amendments or additions to the GATT Agreement itself.

92 MTN.GNG/12 of 15 August 1988, at paras 10-11. The main complaints of the developing countries concerned substantive standards of protection and enforcement via the GATT dispute mechanism, which were felt to be outside the mandate, as opposed to trade in counterfeit products, in respect of which the mandate was clear, and there was scope for early progress. Resort to unilateral actions to improve a party’s negotiating position was also deplored.


place on 17-21 October\textsuperscript{95} and 14-15 November\textsuperscript{96} with the main purpose of the latter being to
discuss the Chairman’s proposed report for the forthcoming Montreal summit. At the first of
these two meetings, Mexico and Brazil tabled trenchant position papers opposing most of the
United States’ agenda,\textsuperscript{97} but the debate on counterfeiting followed the familiar divide between
proponents of a separate code, and those of a comprehensive and inclusive agreement for
intellectual property as a whole.

The Chairman’s formal two-page report on the state of the intellectual property negotiations,
incorporated into the Report to the Trade Negotiations Committee meeting at Ministerial
level,\textsuperscript{98} painted a rosy picture of progress and agreement which was belied not only by past
history, but by the presence of no fewer than four drafts attempting to define the future agenda
for the negotiations.\textsuperscript{99} The fault of the Chairman’s Report was not so much that specific
disagreements were glossed over, but that the fundamental interconnectedness between all of
them, and between them and the scope of the mandate, was ignored. So far as trade in
counterfeit goods was concerned, the Report concluded:

“In regard to trade in counterfeit goods, the Group is pursuing work with a view to
developing a ‘multilateral framework of principles, rules and disciplines’, although
there are differing views as to whether this should be treated separately or form
part of a broader approach to the trade-related aspects of intellectual property
rights. This work has taken place on the basis of previous work in GATT and of
suggestions by participants, including a proposal that all participating countries
should sign the Madrid Agreement on the Repression of False or Deceptive
Indications of Source on Goods. It has taken into account the draft agreement
tabled in 1982 by certain delegations and the work underway in WIPO and the
Customs Co-operation Council on this matter. Discussion has centred on coverage,
on the means of enforcement and on safeguards against obstacles to legitimate
trade. It is a widely held view that commitments should be sought which, while
being sufficiently precise to ensure that action against trade in counterfeit goods is
effective and does not cause obstacles to legitimate trade, are also sufficiently
flexible to allow for different legal and administrative systems and traditions.”

\textsuperscript{95} MTN.GNG/NG11/10 of 30 November 1988.
\textsuperscript{96} MTN.GNG/NG11/11 of 1 December 1988.
\textsuperscript{97} Circulated as MTN.GNG/NG11/W/28 of 19 October 1988 (Mexico), and MTN.GNG/NG11/W/
30 of 31 October 1988 (Brazil).
\textsuperscript{98} MTN.GNG/13 of 22 November 1988, at pages 26-27. See also the minutes of the 12th meeting
of the Group of Negotiations on Goods on 16-21 November, at which the latter was adopted over
protests by Brazil, India, et al that the Chairman’s report on TRIPs had not dealt fairly with
the controversy over the group’s negotiating mandate: MTN.GNG/14 of 30 November 1988.
\textsuperscript{99} The drafts, one put forward on the initiative of the Chairman of the TRIPs Negotiating Group,
and the others by (unspecified) member states, are set out at pages 50-52 of MTN.GNG.13.
Deadlock at the Montreal Mid-Term Review

At the Montreal Mid-Term Review of trade ministers in December 1988 the dispute between the partisans for an all-embracing treaty, and those still favouring a more limited solution dealing with counterfeit goods, and not much else, proved irreconcilable. According to Susan Sell (citations omitted):

“While France and the United Kingdom came to endorse the American quest for a broader IP code, other European countries, Germany in particular, were far more skeptical. As late as the Montreal mid-term review in December 1988, the Anti-Counterfeiting Code was a live option. Developing countries had finally come to endorse such a code as a damage limitation strategy—to prevent the expansion of GATT’s purview of IP issues. Görlin urged US negotiators to resist signing on to a ‘mediocre’ Anti-Counterfeiting Code in the December 1988 Montreal GATT meeting and to hold out for a strong IP agreement that would benefit the United States much more. American negotiators were persuaded by this rationale, and contrary to initial expectations, IP issues took center stage at the Montreal meeting. As Jackson suggests, ‘intellectual property has manifested how very effective private interests in the United States can move the government, and indeed basically move governments of the world forward in such a way that ... going into the Montreal meeting we suddenly found intellectual property to be one of the two or three key issues of the negotiation’.”

In the event, the delegates at Montreal were unable to agree instructions for the negotiating group on intellectual property, nor for three other groups. The official record of the Montreal meeting reproduced, in addition to the proposal by the Chairman of the TRIPs Negotiating Group, the three competing drafts which had been tendered for adoption. None of these was officially attributed to any particular state or grouping, but it is noticeable that the “A” draft, which pursued the most restricted agenda, and was most protective of the role of WIPO, urged that “negotiations to develop a multilateral framework of principles, and disciplines dealing with international trade in counterfeit goods should be concluded expeditiously”; as well as distinguishing strictly between “work on trade-related aspects of intellectual property rights” (which should continue according to the Punta del Este mandate), and “all substantive issues related to IPR protection including establishment of norms and standards”, which by implication were the prerogative of WIPO. The Chairman’s draft also made separate mention of anti-counterfeiting, but did not give it any priority or suggest that the latter was any closer in spirit to the mandate of the Punta del Este declaration than proposals setting new substantive norms:

100 Sell (2003) at page 42.
101 MTN.TNC/7(MIN) of 9 December 1988, at page 21.
“The negotiations shall also comprise the development of a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods, taking into account work already undertaken in the GATT.”102

The two other drafts made no special mention of counterfeiting (beyond generic proposals for adequate protection of all intellectual property rights both at borders, and internally), and pursued much more ambitious agendas directed to stipulating minimum levels of substantive protection, international dispute resolution, and the application of GATT doctrines.103 Pending resolution of these disagreements, all formal negotiations in the Round were suspended until the following April. At the resumed meeting in April 1989, a new Ministerial Declaration in respect of intellectual property was agreed,104 which cleared the way for negotiations to proceed immediately on the widest possible front, subject to express reservations as to the competence and appropriateness of GATT, which were to be postponed to the final negotiations.105 The belated mid-term declaration followed the Chairman’s draft mandate in so far as it did separately address anti-counterfeiting, as opposed simply to relying on the general proposals for “effective and appropriate means of enforcement”, but it can hardly be said that it conferred any preferential status on it:106

“...negotiations shall also comprise the development of a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods.”107

**From conflict to compliance**

A radical change in the pattern of the TRIPs negotiations occurred after resumption in April 1989, and the detailed narrative of the present section therefore ends with the Montreal Mid-
Term Review, with significant individual events thereafter being dealt with at appropriate points in the Analysis section which follows.\textsuperscript{108} Not long after Montreal the option of a separate anti-counterfeiting code was pushed very much to the sidelines,\textsuperscript{109} and although a draft for a separate “Multilateral Framework for International Trade in Counterfeit Goods” was proposed by India,\textsuperscript{110} and was taken up and supported by several developing countries, the real controversy was increasingly over the extent to which the GATT negotiations would codify intellectual property law as a whole.\textsuperscript{111}

As is now well known, after numerous position papers had been discussed, detailed drafts of what was to become the TRIPs Agreement were submitted by the European Communities and the United States in early 1990.\textsuperscript{112} The similarities between the two, always striking, are at their closest in the Articles dealing with border measures, which are almost verbatim identical between the two.\textsuperscript{113} A group of 14 developing states presented a much less ambitious two-part draft of their own,\textsuperscript{114} of which Part I was intended for implementation within GATT and was

\textsuperscript{108} Also, as recounted by Gervais (2003), the negotiation process and the submission and recording of documents became much more informal as 1990 progressed.

\textsuperscript{109} At the meeting of 3-4 July, the main item of business was discussion of the proposals of the European Union (Proposals MTN.GNG/NG11/W/31; minutes MTN.GNG/NG11/13 of 16 August 1989). These would have made border measures compulsory against counterfeit goods only, but were very much wider-ranging in every other respect. The United States proposal MTN.GNG/NG11/W/14.Rev1 was also discussed. Section II of the minutes was shorter but dealt entirely with trade in counterfeit goods, and previous positions were repeated. The continued meeting of 12-14 July (MTN.GNG/NG11/14 of 16 August 1989) made only passing mention of counterfeiting.

\textsuperscript{110} Submitted as MTN.GNG/NG11/W/41 of 5 September 1989 (see Appendix 5), and discussed in the Negotiating Group meeting on 11-13 September 1989 (MTN.GNG/NG11/15 of 26 October 1989: see Section II at para. 45 onwards). The same meeting considered separate proposals by India as to “Enforcement of Trade-Related Intellectual Property Rights” and “[The] Applicability of the Basic Principles of the GATT and of Relevant International Intellectual Property Agreements or Conventions”; as well as comprehensive proposals from Canada and Japan. There was also a contribution from the CCC. There was predictable disagreement as to whether border measures against counterfeits were any more “trade-related” than the rest of the post-Montreal agenda.

\textsuperscript{111} The final meeting of 1989, on 11-14 December, (MTN.GNG/NG11/17 of 23 January 1990) examined new proposals from Peru, New Zealand, Canada and Korea. The discussion recognised the separate importance of border measures, but made no mention of separate treatment for counterfeiting.


\textsuperscript{113} In view of their length, and their similarity both to one another and to the final TRIPs text, it is not considered worthwhile to reproduce these here. See n. 12 above for details of internet access to these and other GATT working documents.

\textsuperscript{114} MTN.GNG/NG11/W/71 of 14 May 1990, see Appendix 6. It was discussed (with the others) at the meeting on 14-16 May 1990 (MTN.GNG/NG11/21 of 22 June 1990).
heavily oriented towards border measures against counterfeiting and piracy; with Part II being intended for implementation in a “relevant international organisation”. Switzerland, Japan and Australia made individual proposals.

Principally on the basis of the EC and US drafts the Chairman of the Negotiating Group authorised the compilation of the “Chairman’s Draft” of 23 July 1990,115 which developed into the “Brussels Draft” of 3 December 1990.116 Gervais rightly describes the preferred version of the latter as “essentially identical” to TRIPs in respect of almost all its provisions which are relevant for present purposes,117 but while this is true of the version of the Brussels draft which integrated anti-counterfeiting measures into a single “Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods”, it is not the whole story, in so far as a rival proposal for an “Agreement on Trade in Counterfeit and Pirated Goods” was still on the agenda (and included as part of the Brussels draft) as an alternative to the all-encompassing TRIPs agreement in the form we now know.118 As the introductory note to the Brussels draft(s) acknowledged:119

“The presentation of two draft agreements, the first on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods and the second on Trade in Counterfeit and Pirated Goods, is a reflection of two basically different approaches to the question of the relationship of the eventual results to the GATT. Some participants, whose positions are identified in the draft by the letter A, envisage a single TRIPS agreement encompassing all the areas of negotiation; this agreement would be implemented as an integral part of the General Agreement. Other participants, whose positions are identified by the letter B, envisage two separate agreements, one on Trade in Counterfeit and Pirated Goods, to be

115 See the Chairman’s Report to the GNG of 23 July 1990 (MTN.GNG/NG11/W/76), with drafts attached. Approach “A” envisaged a single TRIPs Agreement; while approach “B” would have had separate agreements on “Trade in Counterfeit and Pirated Goods” (“Part IX”—see Appendix 7 to this article) and “Standards and Principles Concerning the Availability, Scope and Use of Intellectual Property Rights” (“Parts I to VIII”)—but the latter would have been implemented in the “relevant international organisation”, and it would not have extended to trade secrets. (The “A” group of developing countries at the Montreal Mid Term Review has obviously become the “B” group here, and subsequently.)

116 Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations MTN.TNC/W/35/Rev.1 of 3 December 1990. There are numerous differences between the Chairman’s (July) and Brussels (December) drafts, which may be traced article-by-article in Gervais (2003).

117 See Gervais (2003, commentary on individual articles.

118 See Gervais (2003) at page 18. This proposal, which is much more detailed than that in MTN.GNG/NG11/W/71, represents a further elaboration of Part IX of the Chairman’s Draft (above). It is not clear when it was tabled. See Appendix 8 to this article.

119 See the “commentary” at page 193 of MTN.TNC/W/35/Rev.1. The text favoured by the “A” group of developing countries begins on page 232.
implemented in GATT, and the second on standards and principles concerning the availability, scope and use of intellectual property rights. The latter agreement would be implemented in the ‘relevant international organisation, account being taken of the multidisciplinary and overall aspects of the issues involved’. It was agreed in the Mid-Term Review that the institutional aspects of the international implementation of the results of the negotiations on TRIPS would be decided by Ministers pursuant to the final paragraph of the Punta del Este Declaration.”

One year later the Brussels draft was superseded as the working document for the remaining stages of the negotiations by the so-called Dunkel draft,120 which definitively and without reservation incorporated into the body of the agreement the anti-counterfeiting provisions of the Brussels draft.121 Between the Brussels and Dunkel drafts, the possibility of executing a separate anti-counterfeiting agreement seems finally to have been abandoned.122

**Analysis**

**What did the Code expect to achieve?**

In most respects, the objectives of the original draft Anti-Counterfeiting Code were straightforward, and there is no need for any detailed article-by-article commentary.123 According to Walker, the Code124 was intended to function at two levels: both on the international plane, and as a template for national legislation:125

“This duality is an important conceptual starting point for understanding the anticyounterfeiting code and its significance for individual firms experiencing counterfeiting problems. At one level, what we might call the diplomatic plane, the code is a vehicle for focusing the attention of policymakers from many governments on the problems of trade in counterfeit merchandise. It is a vehicle through which the [International Anti-counterfeiting] Coalition can perform useful

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120 Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations MTN.TNC/W/FA of 20 December 1991.

121 Amendments of the relevant individual Articles between the Brussels and Dunkel drafts are few, and may be traced in Gervais (2003). Non-trivial amendments were made to Articles 55, 57, 58 and 59.

122 Although in the Dunkel draft (as in its predecessor) a footnote to the proposed first recital to the draft Final Act continued to note that “Ministers agreed at the Mid-Term Review that the negotiations on Trade-Related Aspects of Intellectual Property Rights are without prejudice to the views of participants concerning the institutional aspects of the international implementation of the results of the negotiations in this area which is to be decided pursuant to the final paragraph of the Punta del Este Declaration, i.e. by Ministers meeting at a Special Session of the CONTRACTING PARTIES.” *ibid*, page A1.


124 For the provisions of the draft Code, see above at fn. 28, and Appendices 1-4.

activity in encouraging additional strong action by governments against counterfeiting, both through the terms of the international code and otherwise, and where, acting on behalf of many firms, the Coalition can be more influential than companies acting individually.

At another level, however, what we might call the national level, individual firms will be able to invoke the provisions of the international code which are enacted into national law in order to seek relief in specific instances of counterfeiting.

Taking the individual provisions of the code as self-explanatory, we may proceed to its economic rationale. The ambitious objective of the Code was not just to protect the brand-owner in individual countries, but ultimately to make counterfeiting uneconomic on a global scale. The present state of affairs was that:

“The customs laws of many nations declare importing of counterfeiting merchandise to be unlawful and some permit seizure of such merchandise. In practice, however, once a rightful trademark owner secures an injunction against entry of specific counterfeit merchandise, customs authorities usually allow the goods to be re-exported to another market, sometimes, though not always, requiring removal or obliteration of the false trademark. The importer or manufacturer of the counterfeit merchandise may thus incur some additional expense and inconvenience in reshipping the goods, but he is ordinarily able to dispose of them in another market either as ‘seconds’ or with new bogus labels in place.”

In his second article, Walker gave a particularly galling example: a Swiss court had proposed to allow the re-export of nearly 100,000 counterfeit pairs of “Levi’s” jeans unless Levi Strauss themselves paid the cost of removing the offending marks, before the jeans were shipped by the counterfeiter to another market. Under the proposed Code, the economic balance of advantage between counterfeiter and brand owner would have been transformed:

“First, the conceptual thrust of the code is to strengthen the economic deterrent to counterfeiting by confronting the counterfeiter or his importer with the risk of losing an entire shipment of counterfeit merchandise through forfeiture or the risk of some comparable economic penalty. The approach, therefore, is to hit counterfeiters in the pocketbook and thereby to steepen the risk of trading in counterfeit goods.”

126 Walker (1980) 120.
128 Walker (1980) 124. At least in respect of trademark counterfeiting of consumer goods, and in so far as the added value of the brand was moderate and even the counterfeit article had significant costs of production, transport, and handling. In the case of copyright piracy the cost of the physical article to the pirate may be negligible, which is one reason for distinguishing counterfeiting from piracy and other infringements. Conversely, though Walker’s argument may be plausible for items such as fake Levi’s jeans, it is significantly less credible in respect of high added-value goods such as fake Rolex watches.
The last major point of importance was that the code was not intended for immediate universal adoption. Its initial signatories were expected to come mainly from its developed-world sponsors, with the hope and expectation that developing countries with a counterfeiting problem would soon find it in their interest to follow suit:129

“The signatories of the international code are expected to be mainly—perhaps even exclusively—developed countries. Presumably, therefore, the provisions of the code will apply in most of the largest markets. Moreover, since these provisions depend upon fairly sophisticated customs procedures, they are perhaps better suited to application in developed countries than elsewhere. Still, there are obvious problems in developing countries, some involving imports of counterfeit goods, others involving production of counterfeits for export to other markets.”

Why GATT, and not WIPO?

From the preceding account, it will be apparent that the proposed Anti-Counterfeiting Code simply marked time between 1982 and early 1986, generating a surprisingly heated debate, but achieving nothing in terms of practical results. One response to this would be to blame the developing world, and especially Brazil and India, for their delaying tactics.130 But while there was certainly opposition from this pair and their supporters, there is another explanation, especially towards the end of the period. The point is made by Frank Emmert (footnote omitted):131

“At the time of the Punta del Este Declaration in 1986, several Western delegations still wanted to consider this suggestion [the Anti-Counterfeiting Code] and bring the negotiations to a successful end within the Uruguay Round, leaving more comprehensive suggestions covering other aspects of IP rights to later negotiating rounds. This strategy has now been abandoned for fear that a successful Anti-Counterfeiting Code might take the momentum out of the negotiations for a broader, all-inclusive code.”

Be that as it may, experience in the GATT in the decade following 1978 had hardly been encouraging. On the strictly legal front, arguments which might have tied the protection of

130 This is the reaction of Bradley (1987). The criticism (sometimes voiced, sometimes implied) is that trademark counterfeiting was endemic throughout the developing world, and the likes of Brazil and India were simply intent on protecting their own counterfeiters while they could. But the proposed code would have had no express effect on internal domestic law, nor on the production of counterfeit merchandise for home consumption or for export to non-code countries. Bizarrely, and in so far as it only obligated border measures against imports, the draft code might even be characterised as a measure for the protection of domestic counterfeiters against foreign competition.
trade marks to GATT Article IX were obviously inapplicable to intellectual property rights of any other kind—with the sole and ironic exception of geographical indications, to which the United States has traditionally been indifferent if not actually hostile. On the practical side, ten years’ futile and desultory negotiations had turned out to be every bit as disappointing as the worst that might have been expected at WIPO; and, as at WIPO, a clear polarisation of opinion and interest had emerged between developed and undeveloped members, with the latter increasingly negotiating as a bloc.

But on any reckoning, the perceived disadvantages of potential arenas outside the GATT had changed little. Both WIPO and the CCC had put counterfeiting on their respective agendas, but for some time after 1986 it was premature to say what progress each would make. The attempted revision of the Paris Convention at WIPO had ended (as expected) in acrimonious deadlock, and the situation on the Patent Law Treaty, and other WIPO initiatives, seemed to confirm the entrenched North-South divide. Moreover, by 1986 there were new reasons for involving the GATT which had not been apparent in 1978. Three GATT panel reports (all in cases against the United States) had alerted the world to the protectionist potential of intellectual property. These three cases may also have suggested that the GATT dispute resolution system potentially offered an effective model for the adjudication and enforcement of treaty obligations, which the various WIPO conventions conspicuously lacked.

Since the original decision to prefer GATT over WIPO can hardly be said to have been vindicated by 1986, so perhaps the decision to raise the stakes in GATT, when the results to date had apparently been so disappointing, goes some way to confirming Emmert’s suspicions that the United States at least was playing a long game, and had not been unwilling to see progress on the Anti-Counterfeiting Code delayed, if that was the price for keeping intellectual property as a live issue on the GATT agenda. Up to the date of the Punta del Este Declaration, and indeed for some time to come, the United States seems to have been uncertain as to how far it would be possible, or expedient, to attempt to extend the de facto competence of GATT.

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at the expense of WIPO and other relevant international bodies. At the Preparatory Committee meeting in March 1986 it still seemed to be hedging its bets:134

“The representative of the United States stated that the existing provisions of Article XX, as well as of Articles XII and XVIII, left no doubt as to GATT competence to deal with the trade aspects of commercial counterfeiting. WIPO’s clearly distinct competence was to deal with the establishment of minimum international legislation for the protection of industrial property. The Customs Co-operation Council was competent to ensure that any measures adopted to discourage international trade in counterfeit goods which required the intervention of customs officials were consistent with CCC rules and policies. All of these organizations were working on the problem within their own spheres of competence. Because of growing problems in the trade aspects of intellectual property, GATT should spell out in greater detail the obligations and rights in this area.”

**A code for the converted, or conscription for the unconvinced?**

The period before and immediately after the Punta del Este declaration may now be seen to have been characterised by shadow boxing on both sides. One the one hand, the United States blamed India and Brazil (in particular) for obstructing early adoption of the Anti-Counterfeiting Code within GATT. On the other hand, India and Brazil objected that GATT was not a proper forum for any aspect of intellectual property protection, even the Code, although they were eventually willing to give way on the latter. The respective merits of both these points of view are eminently debateable, and well beyond the scope of the present article, but there were wider issues at stake which may explain the parties’ respective positions.

It is far from clear at what stage the negotiations under the Punta del Este Declaration ceased (whether in form, or in reality) to be about a voluntary code, and proceeded on the common assumption that if any kind of agreement on intellectual property could ever be reached at all, then accession would effectively be mandatory for all GATT members if they wanted to remain in the new post-Uruguay system, whatever that might be. Towards the final stage of the negotiations, the circulation of the Brussels and Dunkel Drafts in 1990 and 1991 made it unambiguously clear that the ultimate negotiating objective was now being defined in terms of a take-it-or-leave-it package (in which optional “codes” would be very much the exception) rather than the more relaxed *a la carte* approach of the Tokyo Round.

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134 PREP.COM(86)SR/3 of 11 April 1986, at para. 34. See para. 22 for the United States’ main submission, which set out an ambitious intellectual property agenda going well beyond counterfeiting, apparently into what is here described as WIPO’s “clearly distinct” territory.
However, at the beginning of the Uruguay Round, the United States Department of State had continued to think primarily in terms of an optional code:  

“While we wholeheartedly support the effort to increase the protection given to intellectual property through negotiations in the GATT, we should be realistic about likely results. The ultimate number and composition of membership of any GATT code on Intellectual property will depend mainly on the content of the agreement reached. Greater membership is likely for a code related to counterfeiting, which is widely seen as a subject within GATT competence, for example, than to a general code on patent protection. In the same vein, a code which limited itself to customs or border measures would likely gain greater adherence than one which dealt with domestic laws.

Regardless of the ‘wide-ranged bargaining’ during a trade round, membership in a GATT code is voluntary and although countries may not wish to prevent conclusion of new codes, that does not mean they will join. The content of the code and the incentives we can offer in the bargaining process will determine their willingness to become members. Beyond the value of the code or codes which may result from the GATT negotiations on intellectual property, the negotiations may have another positive effect. Progress in the GATT could exert pressure on WIPO and the member countries of its numerous unions also to make progress toward improved intellectual property protection.”

Between 1986 and 1988 the issue arose only intermittently and inconclusively, kept off the agenda by the ambiguity inherent in the chapeau to the entire the Punta del Este Declaration: “when the results of the Multilateral Trade Negotiations in all areas have been established, Ministers … shall decide regarding the international implementation of the respective results.” The inflection point at which the character of the negotiations changed is difficult to specify, and probably came at different times for different parties, but an early indication (in the context of anti-counterfeiting specifically, rather than intellectual property at large) seems to have come late in 1987:  

“A participant said that a possible approach would be to revise [GATT] Article IX:6, with perhaps the addition of explanatory notes. He put forward this suggestion partly because experience with the code approach in GATT had not been happy, and partly because a revision of the General Agreement would mean that contracting parties generally, rather than possibly only a limited number, would be bound by the new disciplines and that the existing GATT mechanisms for

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136 MTN.GNG/NG11/5 of 14 December 1987, reporting on the meeting of the Negotiating Group of 23-24 November 1987. As usual in GATT minutes, the “participant” is not identified. At the previous meeting (MTN.GNG/NG11/4) there were complaints that the United States proposals were such as to deter membership of a voluntary code, counterbalanced by doubts as to whether a code was the necessary or desirable outcome of the negotiations.
consultation and dispute settlement would automatically apply, thus obviating any need to draw up new ones.”

And the point was taken up in the Secretariat’s summary of the position in April 1988:¹³⁷

“In the discussion so far, a few points have been made about the legal form that a multilateral framework on trade in counterfeit goods might be given in the GATT legal system. Some participants have indicated their opposition to a code approach, on the grounds that this would be damaging to the integrity of the GATT system. They have said that there were other possible approaches, for example, a revision of Article IX:6 and possibly Article XX(d) and/or explanatory notes to those provisions, or the adoption of a protocol. Integrating the results into the General Agreement would mean that contracting parties generally rather than possibly only a limited number would be bound by the new disciplines and that the existing GATT mechanisms for consultation and dispute settlement would automatically apply, thus obviating any need to draw up new ones.”

Shortly before the Montreal Mid-Term Review, however, the intended legal status of both the old anti-counterfeiting code, and the precursors of the TRIPs agreement, began to receive more prominence. The EC was very much opposed to a code approach:¹³⁸

“A code approach suffered from a number of disadvantages: it might discourage countries from participation in the negotiating process, create the likelihood that results of the negotiations would find limited acceptance, and could lead to pressures, after the conclusion of the agreement, on non-signatories to adhere to the agreement, in the negotiation of which they had contributed little.”

Such thoughts do not seem to have deterred the United States from keeping the code option alive, if only as a fall-back to an all-inclusive agreement. At the 1989 Vanderbilt University Symposium on the TRIPs negotiations—held just as the Montreal mid-term crisis was coming to an end—Congressman Robert W Kastenmeier and David Beier¹³⁹ were altogether less negative about the option of a selective code:¹⁴⁰

“If the Indian/Brazilian faction maintains its current position, however, the developed countries will likely seek to establish a set of intellectual property standards of their own. This group … could move relatively rapidly to adopt a high-level set of norms. … The evolution of a set of standards that includes only thirty


¹³⁹ Respectively Chairman of the House Subcommittee on Courts, Intellectual Property and the Administration of Justice, and Counsel to the House Committee on the Judiciary.

countries may present a problem for the GATT system, because it would undermine the need to integrate solutions various trade distorting practices into one common legal system with the maximum number of participants. On the other hand, the previous GATT rounds have produced a series of agreements … that have included fewer than forty signatories. This, pre-existing precedents support a less than all-inclusive agreement. Moreover, the inclusion of most of the developed countries in an intellectual property code would represent a substantial portion (approximately seventy-two percent) of world trade in manufactured goods.

Even without a GATT agreement on intellectual property, however, some private sector interests believe that the mere fact of GATT negotiations will produce a more hospitable atmosphere for bargaining within WIPO. Others believe that even the establishment of a set of standards agreed to only by the developed countries will be useful because it could assist in establishing neutral criteria for use in the bilateral negotiations process.”

After Montreal, there was clearly still much disagreement. The detailed position is complicated by the vagueness of the GATT records, but the United States appears to have remained non-committal for the time being, whereas the more astute of the developing countries seem to have preferred to negotiate on the basis that the outcome would be an integral, and therefore a non-voluntary, part of the future GATT settlement.141 The European Communities continued to repudiate the code approach, 142 as did Switzerland143 and Australia.144

**The effectiveness of a voluntary code?**

Was there anything to prevent the industrialised countries negotiating their own Anti-Counterfeiting Code (or even their own TRIPs) whether through GATT, WIPO, or as a self-contained venture in any forum they fancied? To someone conditioned by ten years or more of TRIPs as we now know it, the answer may seem obvious: that the problem of counterfeiting originated to a disproportionate extent not in the industrialised countries themselves, but in certain less highly developed countries which were industrialising rapidly; and that collective

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141 Citing support for this statement is made difficult, if not impossible, by the practice of the GATT Secretariat in suppressing the identities and affiliations of participants in the minutes of discussions, unless they were expounding an attributed written submission. The conclusion in the text is tentatively based on a quite frequent correspondence of opposition to the US/EU conception of TRIPs, combined with acceptance that if there was to be an agreement at all, it would be more than just an optional code. See, e.g. MTN.GNG/NG11/13 of 16 August 1989 at para. 5.

142 MTN.GNG/NG11/20 of 24 April 1990 at para. 3, commenting on the EC’s substantive proposals contained in NG11/W/68. The responses were far from unanimous: *ibid.*, paras 10-15.


action by the industrialised countries as such could not provide a solution to a problem which lay outside their borders, and, but for the negotiating platform of GATT, largely outside their influence. This may not be far from the truth as far as it goes, and the limitations of codes were certainly noted by many participants and observers at the time, but to dismiss the code approach outright would be to ignore some important aspects of the proposed solution.

The two major problems from the developed countries’ point of view being that of production of counterfeits for export to themselves, and that of production for local consumption, then what did the (voluntary) Anti-Counterfeiting Code propose to do about them? Its only intended legislative effect would have been to make mandatory and uniform the kind of strict legal prohibitions on the importation of counterfeit goods which the US already had, which the EC was in the process of adopting, and to which none of the industrialised countries themselves had any objections in principle, other than the administrative cost of effective implementation. The Anti-Counterfeiting Codes of 1982 or 1987 had nothing to say about substantive trade mark law, nor about enforcement otherwise than at the border. Their application to exports, or to goods in transit, was not mandatory, though the importance of the developed countries themselves as staging points for counterfeit goods should not be underestimated, even assuming they had ceased to be major producers in their own right.145

All the same, there are several plausible reasons for suggesting that the Anti-Counterfeiting Code might have been sufficiently effective on a fully voluntary basis to warrant its early adoption by the industrialised countries alone.146 First, the developed countries undoubtedly included the most important and profitable markets for counterfeits, especially in the case of counterfeits of higher added-value goods from the export-led Asian “tiger” economies. If only the developed countries could have made common cause and presented a uniform and effective entrance barrier to counterfeit goods at their borders, then it was not unreasonable to hope that the global economics of counterfeiting might have tilted decisively against the counterfeiters. As long as action was only taken unilaterally, then no individual country, not even the United States, could achieve this on a global scale. Though the economic argument behind the Code may have been unduly optimistic, depending as it did on the level of detection and interception, it was not self-evidently hopeless: robust and effective border

145 According to Paul Vandoren, at the EU’s Conference on the Tenth Anniversary of TRIPs, “[T]he US … appears in official statistics as one of the main countries of origin of pirated/counterfeit goods seized at the Community border.” This resulted from “the vast quantity of fake goods … being transited via the US to other destinations” Above, fn 13 at page 28.

146 The case is made by Walker (1980) and (1981), but disputed by Olenick (1982)
measures, including confiscation and destruction of counterfeit imported goods, would ensure that counterfeiting did not pay.

But in fact, even the United States’ own efforts were dwarfed by the size of the problem in comparison to the resources assigned to it. In 1985, the value of trademark and copyright infringing goods seized by Customs was just $37 million, which was $15 million higher than the previous year.\textsuperscript{147} When the United States General Accounting Office reported on the effectiveness of the United States' border measures in 1986, it noted that Customs had the staff to conduct physical inspections of just 2% of shipments entering the country.\textsuperscript{148} In the absence of specific intelligence identifying actual or likely consignments of counterfeit goods, it is hard to see how the level of interception could have been proportionately higher.\textsuperscript{149} But despite widespread satisfaction with the efforts of individual Customs officers, a majority of respondents to the survey reported that the value of counterfeit or infringing imports had either risen, or stayed the same, after recordation.\textsuperscript{150} Prior to the GAO Survey, a Congressional Committee had reached exactly the same conclusion: “despite the best efforts of Customs Service’s competent and dedicated personnel, the agency has neither the people, nor the other resources, to stop the flood of counterfeit products.”\textsuperscript{151} If this was the experience of a Customs service which by international standards was well-equipped, well-staffed and more than adequately empowered to deal with counterfeiting, then what level of success could one expect from the Customs service of a typical developing country?


\textsuperscript{148} \textit{ibid.}, pages 3, 13-14. This figure had to include Customs’ many traditional functions, in addition to protecting intellectual property. Customs’ own estimate of the value of counterfeit goods for 1985 was said to be US $19 billion: Adden (1986) at fn. 193., citing Diane Kiesel “Battling the Boom in Bogus Goods” (1985) 71 \textit{ABA Journal} 60.

\textsuperscript{149} The level of interception from random inspections might well be lower, since prior to comprehensive computerisation of recordations (then in progress, but not complete) Customs officers would have had to rely on memory, or paper records; and delays of 2-3 months in the recordation process were normal.

\textsuperscript{150} \textit{ibid.}, pages 2, 12. 21% of respondents reported that counterfeit or infringing goods had ceased to enter the country following Customs recordation, compared to 79% reporting that such goods had continued to enter. Of the latter, 31% reported that levels had decreased substantially, 15% that levels had decreased moderately, 23% that the level had remained the same, and 31% that the level had increased. \textit{(ibid.}, Figure 1.1).

\textsuperscript{151} \textit{ibid.}, page 14, quoting from proceedings of the Subcommittee on Oversight and Investigations (1983-84).
Not surprisingly, the highest levels of success and satisfaction were reported by firms which had been able to provide Customs with the identities of infringers, or details as to particular shipments of counterfeits.\textsuperscript{152} This suggests that the greatest benefit of the Anti-Counterfeiting Code would have been by way of facilitating consultation and co-operation between national customs authorities, not just at the political level, but at the operational level in terms of sharing intelligence and experience. The Code would also have addressed a classic instance of mutually destructive beggar-your-neighbour policies which at least some of the industrialised countries pursued for the convenience of each, to the detriment of all. This was the practice of allowing the re-export of goods seized as counterfeit, sometimes without even insisting on removal of the counterfeit trade mark. As long as this was permitted, then the deterrent effect of customs seizure was non-existent. Individual national markets might be kept relatively counterfeit-free (always depending on the level of detection), but the global economics of counterfeiting were scarcely affected.

**A common interest in delay?**

Finally, the supporters of the Anti-Counterfeiting Code affirmed its symbolic, as opposed to purely utilitarian, value. At this point the question merges into a different but equally symbolic one, and we have to ask why the developed countries (and especially the United States) were so insistent that the developing world should sign up \textit{en masse} to a code (or GATT Annex) which they typically lacked the resources to implement properly, and which might have worked more than adequately without them? Conversely, why was the developing world originally so inflexible in resisting a code which (running expenses apart) would have done its members little or no harm, and which redressed a mischief which no one defended?

The allegation of delaying tactics against Brazil and India\textsuperscript{153} may be true as far as it goes, but their objections were indeed ones of principle, even if the principles in question were quite as self-serving as those of their opponents: once they and their allies had conceded that GATT (rather than WIPO) had competence over any aspect of intellectual property protection, then the balance of power in the forum-shifting controversy would have tilted decisively against them. Not only would they have found themselves trapped for the foreseeable future in a forum which the United States dominated and where their numbers counted for little, but they would have lost the possibility of trading greater intellectual property protection for better access to

\textsuperscript{152} \textit{Ibid}, page 20.

\textsuperscript{153} As in Bradley (1987).
technology in fora where the balance of power and the institutional culture were favourable or at least neutral, in particular WIPO or UNCTAD.

All this may quite plausibly have led to the paradox of both sets of parties having a common interest in adopting delaying tactics over the Anti-Counterfeiting Code, until the deadlock was broken by the United States unmistakably gaining the upper hand from around 1988-1989. Most obviously, the developing countries which favoured WIPO as a negotiating forum would have conceded that battle (with nothing to show in return) if they had given way and permitted the Code to be adopted within a GATT framework. It was only after the forum-shifting battle had been lost (even if defeat was not immediately conceded) that the developing countries reversed their previous strategy and argued for the rapid adoption of the Code on its own, presumably in the hope that the negotiating group (or its political masters) would gratefully declare its job done, and take no more interest in the remainder of the United States’ agenda.

On the other hand, the United States may not initially have foreseen how completely it would prevail on the forum-shifting issue; and at several points in the negotiations it seems to have feared that the other negotiating parties, for one reason or another, would draw a line under the whole issue of intellectual property once it could be said that the Anti-Counterfeiting Code was done and dusted. According to Professor John H Jackson:

“In fact, many of the domestic American intellectual property interests opposed the quick adoption of the counterfeiting code for the very reason that they thought if that happened, the trade policy people would simply leave intellectual property issues alone for the rest of the negotiation and they would not address what the intellectual property interests viewed as the more important and tougher issues.”

Conclusions
A question of priorities

On at least two occasions, at the start of the Uruguay Round in 1985/6, and around the time of the Montreal mid-term ministerial meeting in 1988/9, the United States could almost certainly have had a quick agreement on an international anti-counterfeiting code, on its own terms, and in the forum of its choice, for the asking. On each occasion, it rejected that possibility for precisely the same reason as the majority would have accepted it: namely the likelihood that


155 It might be suggested that such a code, whether agreed in 1985/6 or 1988/9, would not have come into force until the rest of the Uruguay Round agreements in 1994/5. But there would have been nothing to prevent adoption of the code as a free-standing measure; if necessary after a further, unopposed, forum-shifting exercise into whichever of WIPO or the CCC/WCO was more receptive.
agreement on an anti-counterfeiting code would have taken the momentum out of the initiative for a wider GATT settlement on patents, copyright, computer-related technology (software copyright and mask works), plant genetics, regulatory data, and much else.

On each occasion, the United States favoured a strategy of medium- and long-term maximisation of rent from its global intellectual property assets, over the immediate opportunity to act to suppress the international trade in counterfeit goods. What is perhaps more remarkable, is that on the estimates of one of the most active proponents of TRIPs, counterfeiting was still, in 1986, the single most pressing economic issue relating to intellectual property, as well as the one on which an international consensus might most easily have been forthcoming. Edmund T Pratt, Jr., was Chairman and Chief Executive of Pfizer, Inc., and a leading figure in both the IACC and the IPC, as well as other influential bodies. He is quoted as estimating US industry’s losses from counterfeiting at $6 to 8 billion per year, compared to $1.3 billion for losses to the so-called (traditional) copyright industries, $1 billion for computer software, and $200 million for agrochemicals.\textsuperscript{156}

But if the United States’ strategy after the Montreal Mid-Term Review demonstrated scant gratitude to the trade mark owners who had first put counterfeiting onto the GATT agenda, it is because over the intervening ten years there had been a sea change in the United States’ negotiating stance on intellectual property, during which its priorities had moved from trade mark counterfeiting and very little else, by way of counterfeiting and copyright piracy in equal measure, to an all-inclusive agenda closely corresponding to TRIPs as eventually adopted. Most relevantly, the private sector bodies active in influencing US policy also changed during this period. In 1978 the newly formed International Anti-Counterfeiting Coalition had the ear of the USTR almost to itself, until the International Intellectual Property Association was formed in 1984 to represent a range of media, copyright and entertainment interests, with an agenda concentrating on piracy rather than counterfeiting. Copyright piracy duly rose on the United States’ agenda to equal status with counterfeiting. From 1986 onwards the most active and influential of the lobby groups was Jacques Gorlin’s Intellectual Property Committee, and by this stage trade marks and anti-counterfeiting had become just another pair of items on the agenda. It is noticeable that unlike Levi-Strauss in 1978, no member of the IPC in 1986 could

\textsuperscript{156} Quoted in Kenneth Dam, “The Growing Importance of International Protection of Intellectual Property”, (1987) 21 International Lawyer 627, at 628 (n.3). These figures (which are otherwise unattributed, and which may not be directly comparable with one another) are given to illustrate the perceived dimensions of the relevant problems at the time, not for their inherent accuracy.
be said to have been predominantly dependent on trade marks,\textsuperscript{157} in comparison to patents, regulatory data, copyright, and so on.

**A just cause and a fair forum, or just main force?**

In the final analysis, the members of the IAAC may have deserved no more gratitude from their fellow lobbyists than they received. Their anti-counterfeiting coalition had indeed led the way into the uncharted territory of the GATT in 1978, but by 1986 they had not returned with any prizes. It was not until 1988 or even 1989 that the United States’ escalating bilateralism detonated a bombshell under the moribund GATT intellectual property negotiations, following the imposition of sanctions on Brazil in 1987 and the introduction of the “Special 301” procedure under the Omnibus Trade and Competitiveness Act 1988.\textsuperscript{158} The response to the new bilateralism from within the TRIPs negotiations was vocal, but impotent:\textsuperscript{159}

“A number of participants stated their deep concern about certain decisions taken by the United States under Section 301 of its Tariff Act, in particular the listing under ‘special’ Section 301 relating to IPRs of countries on a ‘priority watch list’. These decisions were jeopardizing the work of the Negotiating Group and threatened to wreck the Uruguay Round as a whole. It was said that these decisions, together with the associated announcements, represented an attempt to use coercive pressure to prejudge the results of the Uruguay Round. … The decisions taken by the United States were already having an adverse effect on the negotiations, but the potential for harm was much greater. If the negotiations were to continue on a sound basis, it was essential that the United States desist from pursuing the course that it had entered on.”

The United States did not desist, and of course the negotiations did continue. But the new policy was the result of a deliberate and exemplary disconnection of intellectual property from trade liberalisation and GATT values, and equally from its own distinct heritage in international law. Special 301 might be new on the statute book in 1988, but in spirit it was a throwback not just to the protectionism of the 1930s, but to the mercantilism of centuries before, against which the founders of the Paris and Berne conventions had set their faces when they chose the

\textsuperscript{157} Of course trade marks were important to all the IPC members, but arguably less so for each of them than one or more of the other TRIPs Part II rights, and there was no obvious trade mark champion. For membership of the IPC, see Sell (2003) at page 2.

\textsuperscript{158} For a tabulation of the American measures see Drahos (2002), Table 1 and associated text.

\textsuperscript{159} Meeting of 3-4 July 1989 (MTN.GNG/NG11/13 of 16 August 1989) at para. 4.
principle of national treatment instead of bilateral reciprocity.160 When deployed against existing GATT members its use was very likely to constitute an infringement of their existing treaty entitlements, as well as a contravention of the “standstill” undertakings which were written into the Uruguay Round itself.161

So in the end the choice of forum between GATT and WIPO turned out to be largely irrelevant. Fortified by the tonic effect of Special 301, the United States soon found itself on the winning side of almost every argument, and in almost every forum, bilateral or multilateral, within GATT or outside it. Individual developing countries (Korea, Brazil, India) were prevailed upon to bring specific aspects of their domestic intellectual property laws up to relevant proto-TRIPs norms as a matter of priority, and, once they had complied, it was in their own interests to ensure that their fellows were given no excuse for not adopting the same standards. WIPO members laid aside many of their differences and adopted the two WIPO “internet treaties”,162 as well as agreeing the text of the Washington Treaty on Intellectual Property in respect of Integrated Circuits. While none of these represented a complete walkover for the United States and its interests, none of them would have been conceivable under pre-1986 conditions.163

A legacy of delay and disenchantment

Ultimately, we shall never know if the adoption of an anti-counterfeiting code ten years or so before TRIPs came into force would have left the World any better off, either then or today. In its favour, an extra ten years of institutionally co-ordinated anti-counterfeiting activity might have made a useful difference to the present situation; although a voluntary code on its own would have done little to stop domestic production and consumption of counterfeit goods within the individual signatory countries themselves, nor trade in counterfeits between non-members such as India and Brazil, as long as they remained outsiders.

160 Compare William Cornish, “The Canker of Reciprocity” [1988] E.I.P.R. 99, with the “Remarks of Mr. Harvey Schein” (formerly Chairman of Sony Corporation of America) at the 1989 Vanderbilt Symposium, the latter expressing shocked incredulity that “[W]hen someone pointed out to [the British] that a law enacted to protect artistic design … violated some treaties or the Berne Convention or the Paris Convention, Britain quickly backed off …. ” (1989) 22 Vanderbilt Journal of Transnational Law 377.

161 Above, fn. 58.


163 Kastenmeier and Beier (1989), noted that by 1988/9 WIPO was much more compliant to United States interests than previously, and even contemplated that it might provide a more favourable forum than GATT if opposition to TRIPs persisted.
A comparison might be drawn with the European Union, in which action at Community level in the form of Regulation 1383/2003 and its predecessors has not eliminated counterfeiting by any means, but has certainly been far more effective than the ragbag of national measures which applied prior to 1986, with progressive increases in efficiency since that time. The answer also crucially depends on what effect early adoption of the Code would have had on the rest of TRIPs. It is entirely possible that if there had been a GATT Anti-Counterfeiting Code then there would have been no TRIPs, or at least not in the sense we know today. But so far as the specific problem of counterfeiting is concerned the Code would certainly have been a step in the right direction, and in terms of practical effectiveness more might reasonably have been expected from a smaller but single-minded coalition of the willing, than from the ranks of the reluctant (and in some cases downright resentful) conscripts who make up the numbers in TRIPs today. Practical action against international counterfeiting seems to be driven and coordinated not by the WTO, but by the World Customs Organisation and WIPO, now in co-operation with Interpol. TRIPs may yet turn out to be a one-off: the last, as well as the first, venture of the GATT (or WTO) into intellectual property law.

The final lesson is surely that the mere passage of legislation against commercial trade mark counterfeiting counts for nothing, unless it is accompanied by the will, and the resources, to make it work. Which takes us back to Commissioner Lamy’s closing remarks at the 10th anniversary Conference:

“TRIPS has not halted industrial counterfeiting and so we need a strategy to do better. In this respect, pressure and threats alone do not work. The best way to achieve compliance is through ‘friendly’ input: discussion, capacity building and technical assistance. These ideas have largely been shared by developing country representatives.”

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164 The ancestor of the current regime being Regulation 3842/86. See Jasna Arsic “Combating Trade in Counterfeit Goods—The GATT and the EC Approaches” (1995) 18 World Competition 75.


166 These three organisations are the international institutional sponsors of the annual Global Congress on Combating Counterfeiting and Piracy, most recently hosted by WIPO on 30-31 January 2007.

167 Above fn 13, at page 59.
Appendices: Draft Agreements (or extracts)

1. **MTN/NTM/W/204 of 11 December 1978 (untitled)**

   **Article I - Scope of Agreement**

   The parties to this Agreement shall, in accordance with its provisions, deal with counterfeit merchandise unladen with a view to its importation so as to deprive the parties to a transaction involving counterfeit merchandise of the economic benefits of the transaction and to prevent such merchandise from entering or re-entering commerce. (Footnote 1: Parties to this Agreement may exclude nominal quantities of articles destined for personal or non-commercial use from the requirements of this Agreement.)

   **Article II Definitions**

   For purposes of this Agreement the term:

   ‘Counterfeit merchandise’ means any article to which a spurious trademark or tradename has been affixed or applied without the consent of the person having the right to the protection of the trademark or tradename under the legislation of the country of importation. Nothing in this Agreement shall require the parties to the Agreement to consider parallel imports as counterfeit;

   …

   The terms ‘trademark’ and ‘tradename’ are to be defined by the law of the country of importation and can cover any word, name, symbol or device of any industrialist, merchant, agriculturalist, or other person or business entity to identify their business, vocation, occupation, or goods, and distinguish them from those of others.

   A ‘spurious’ trademark or tradename is one which is identical with or substantially indistinguishable from a trademark or tradename which is entitled to legal protection in the country of importation.

   **Article III - Procedures**

   Any counterfeit merchandise unladen with a view to its importation shall be detained or seized by the appropriate authorities in accordance with the law of the country of importation. Such action shall normally be taken on the written request of the person having the right to the protection of the trademark or tradename who shall be required to establish that right in accordance with relevant national legislation. Determinations concerning counterfeit merchandise shall be reasoned and made in a fair, open, and expeditious manner, and subject to appeal by the trademark or tradename owner, or the importer, or their representatives to an impartial body, so as to prevent the application of this Agreement from becoming a non-tariff barrier to legitimate trade. [Footnotes omitted].
Article I - Requirements and scope of Agreement

A. The parties to the Agreement agree to act to discourage international trade in counterfeit merchandise, and to deal with imported counterfeit merchandise in a manner that minimizes the risk of consumer deception and deprives the parties to a transaction involving imported counterfeit merchandise of the economic benefits of the transaction so as to provide an economic sanction which shall serve as an effective economic deterrent to international trade in counterfeit merchandise. To the greatest extent feasible such merchandise should be prevented from entering or re-entering commerce. (Footnote as before)

B. The Agreement covers international trade in counterfeit merchandise. Counterfeit merchandise means any article with a spurious trademark [tradename] [or made in violation of a] [copyright] [design] [or model] entitled to protection under the national law of the country of importation. For purposes of this Agreement a spurious trademark is one which is identical with or substantially indistinguishable from one entitled to legal protection in the country of importation. It is agreed that substantive intellectual property rights shall be governed by the national law of the country of importation. Nothing in this Agreement shall require, or necessarily permit, the parties to the Agreement to consider parallel imports as counterfeit.
3 L/4817 of 31 July 1979.

Article I Objectives, Requirements, and Scope of Agreement

1. The Parties shall discourage international trade in counterfeit goods. To this end they shall deal with imported counterfeit goods in a manner that deprives the persons involved of the economic benefits of the transaction and deters international trade in such goods. In furtherance thereof, they shall prevent, to the greatest extent possible, counterfeit goods from entering or re-entering commerce. However, nominal quantities of goods intended for personal use and not for sale may be excluded from the requirements of this Agreement.

2. In this Agreement:

   ‘Counterfeit goods’ means any imported goods 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 such registration is required by the country of importation.

   ‘Trademark’ shall be as defined by the law of the country of importation and shall include any certification mark or collective mark registered in the country of importation and entitled to protection as a trademark.

   ‘Country of importation’ means the country in which counterfeit goods are subject to customs entry for home use.

3. The substantive intellectual property law of the Parties is unchanged by this Agreement.

4. Nothing in this Agreement shall require or permit the Parties to treat parallel imports as counterfeit.
9. Procedures Related to Border Measures

(a) Parties shall afford owners of intellectual property rights and other persons authorized by the owner and having legal standing the judicial or administrative means necessary to initiate procedures to enforce their rights against imported infringing goods before they are released from the jurisdiction of the customs authorities. Parties shall designate the authorities to which owners of intellectual property rights may address themselves for this purpose. Procedures shall also apply to goods in transit provided that they cover goods infringing an intellectual property right of the country through which the goods were being shipped.

(b) The person initiating such procedures shall be required to present adequate evidence of the right to protection in accordance with the relevant laws of the country of importation.

(c) Seizure of goods at the border by competent authorities may be either *ex officio*, *sua sponte* or at the request of the rights holder when the competent authorities are satisfied that imported goods infringe an intellectual property right.

(d) When the competent authorities have reason to believe imported goods may be infringing, they shall detain such goods pending a determination whether the goods are infringing.

10. Entities Subject to Remedies and Sanctions

Sanctions and remedies shall be available against the producer, seller, distributor and in appropriate cases the user of an infringing good or service. Remedies against Parties, however, may be limited to payment of compensation to the owner of the intellectual property right.

11. Indemnification

(a) In order to prevent abuse of interim procedures and border enforcement measures, Parties may require a rights owner to provide security up to an amount sufficient to hold the authorities and importer harmless from loss or damage resulting from detention where the goods are subsequently determined not to be infringing. However, such indemnification in appropriate cases of persons securities shall not unreasonably deter recourse to such procedures.

(b) Parties shall make remedies available to provide indemnification in appropriate cases of persons wrongfully enjoined or restrained.

MULTILATERAL FRAMEWORK FOR INTERNATIONAL TRADE IN COUNTERFEIT GOODS

[1] This paper sets out the views of India on the multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods envisaged in the Punta del Este declaration and paragraph 7 of the decision of the TNC of April, 1989.

2. India recognises the need for appropriate measures for the suppression of international trade in counterfeit goods. However, it must also be recognised that such measures can become arbitrary or unjustifiable barriers to legitimate trade.

3. The basic objectives of a multilateral framework for dealing with international trade in counterfeit goods should be

(i) to provide for measures, procedures and remedies to discourage international trade in counterfeit goods; and

(ii) to ensure that such measures, procedures and remedies do not themselves become barriers to legitimate trade.

4. The multilateral framework should comprise the following elements:

(i) For the purposes of the multilateral framework, counterfeit goods shall mean any goods, including packaging, bearing without an authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark and which thereby infringes the rights of the owner of the trademark in question under the legislation of the country of importation.

(ii) There should be provision for suspension of clearance from customs, of goods suspected to be counterfeit on the application of the owner of the registered trademark who has valid grounds for suspecting that the goods are counterfeit. The applicant should provide adequate documentary evidence to satisfy the customs authorities that prima facie there is an infringement of his trademark rights in respect of the imported goods.

(iii) Such suspension should be for a limited period pending orders of a competent judicial or administrative authority and action should be taken only upon an undertaking by the applicant to indemnify the customs authorities against all liabilities and to compensate the importer for any loss or damage resulting from the suspension of clearance of goods in the event that they are proved to be not counterfeit.

(iv) In cases where the goods have been placed under suspension in terms of (ii) & (iii) above, there should be provision for inspection of the goods by the owner of the registered trademark.

(v) Where in judicial or administrative proceedings it is determined that the counterfeit goods are liable to forfeiture as prohibited goods, the customs authorities should dispose of the goods in a manner not prejudicial to the interests of the owner of the registered trademark.
(vi) Ordinarily, action against the import of counterfeit goods shall be taken on the application of the owner of the registered trademark as pointed out in paragraph (ii) above. However, in exceptional circumstances, where there is a sufficient degree of certainty that the goods under import are counterfeit, the customs authorities may be authorised to suspend clearance of the goods for a very limited period and intimate the owner of the registered trademark that if he wishes the suspension to continue, he should take action as per paragraph (iii) above.

5. India is willing to consider extension of such a framework to imports of pirated goods as well. For this purpose, pirated goods mean any goods which are unauthorized copies made directly or indirectly from an article where the making of that copy constitutes an infringement of a copyright under the legislation of the country of importation.

6. The multilateral framework should also provide for cooperation between the customs authorities of the participating countries for the suppression of trade in counterfeit goods.
Chapter III of MTN.GNG/NG11/W/71 of 14 May 1990 (14 proposers)

Chapter III
BORDER MEASURES RELATED TO COUNTERFEIT OR PIRATED GOODS

Article 7: Suspension of Customs Clearance Parties shall adopt the necessary measures and procedures, whether judicial or administrative, to enable intellectual property rights holders, who may have valid grounds for suspecting that imported goods infringe their trademark or constitute a slavish copy of a work protected by copyright in accordance with the national legislation of the importing country, to obtain the suspension by the customs authorities of clearance from customs of such goods. Such suspension shall be for a limited period of time pending a determination by the competent authorities whether the goods are infringing.

Article 8: Safeguards against Obstacles to Legitimate Trade

(1) Persons initiating the procedure for the suspension of clearance from customs shall be required to provide adequate documentary evidence to satisfy the competent authorities that prima facie there is an infringement of their right to protection in accordance with the relevant laws of the country of importation.

(2) Such persons shall also be required to provide security by bond or deposit of money in an amount sufficient to indemnify the authorities or to hold the importer harmless from loss or damage resulting from the action undertaken.

(3) The importers of such goods or other persons affected by the procedure shall be informed promptly of actions taken and shall be entitled to a judicial review of any final decision taken by an administrative authority.

Article 9: Disposal of Infringing Goods Where it is finally determined that the goods are infringing in accordance with the relevant laws of the importing country, the competent authorities shall provide for the forfeiture, destruction or disposal of the goods in a manner not prejudicial to the interests of the rights holder.
Draft “Agreement on Trade in Counterfeit and Pirated Goods” included as an alternative in “Chairman’s Draft” of 23 July 1990

PART IX: TRADE IN COUNTERFEIT AND PIRATED GOODS

1. Preamble

1B.1 Desirous of providing for adequate procedures and remedies to discourage international trade in counterfeit and pirated goods while ensuring an unimpeded flow of trade in legitimate goods;

1B.2 Deeming it highly desirable to ensure competition in international trade and to prevent arrangements which may restrain such competition;

1B.3 Recognizing the need to take into consideration the public policy objectives underlying national systems for the protection of intellectual property, including developmental and technological, objectives;

1B.4 Recognizing also the special needs of the least developed countries in respect of maximum flexibility in the application of this Agreement in order to enable them to create a sound and viable technological base.

2. Objectives

2B With respect to intellectual property and international trade, PARTIES agree on the following objectives:

(i) To clarify GATT provisions related to the effects of the enforcement of intellectual property rights on international trade, in particular articles IX and XX(d), and to provide for adequate procedures and remedies to discourage international trade in counterfeit and pirated goods.

(ii) To ensure that such procedures and remedies do not themselves become barriers to legitimate trade and are not applied in a discriminatory manner to imported goods.

(iii) To ensure free flow of goods and prevent arrangements, effected by private or public commercial enterprises, which may result in the division of markets or otherwise restrain competition, thus having harmful effects on international trade.

SECTION 2: GUIDING PRINCIPLES AND NORMS

3. Trade in Counterfeit and Pirated Goods

3B.1 PARTIES undertake to discourage trade in counterfeit and pirated goods and to combat such trade without inhibiting the free flow of legitimate trade. For this purpose, PARTIES shall exchange information and promote cooperation between customs authorities with respect to trade in counterfeit and pirated goods. They shall also adopt in their respective national legislation the necessary measures, procedures and remedies in this respect.

3B.2 For the purposes of this Agreement, trade in counterfeit goods means trade in goods which infringe a trademark validly registered in respect of such goods in the importing country, while trade in pirated goods means trade in goods which constitute a slavish copy of a work protected by copyright under the legislation of the country of importation.
4. **Safeguard against Creation of Trade Impediments in the Application of Measures and Procedures to Enforce Intellectual Property Rights**

4B In the application of national measures and procedures to enforce intellectual property rights, PARTIES undertake to avoid the creation of impediments or distortions to international trade, and to refrain from applying their national legislation in a discriminatory manner to imports from the territories of other PARTIES. For this purpose, they shall observe the principles of national treatment and MFN enshrined in the GATT.

5. **Non-recourse to Unilateral Measures**

5B PARTIES shall refrain, in relation to each other, from threatening or having recourse to unilaterally decided economic measures of any kind aimed at ensuring the enforcement of intellectual property rights.

6. **Control of Anti-competitive and Trade-distorting Practices**

6B PARTIES shall co-operate with each other to ensure the free flow of goods and prevent that intellectual property rights are used, through arrangements among enterprises, to create restrictions or distortions to international trade or to engage in anti-competitive practices having adverse effects on their trade. For this purpose, they undertake to exchange information and to agree upon the request of any other PARTY to consult with respect to any such practices and to take such measures in their territory as may be deemed appropriate with a view to eliminating the adverse effects of such practices.

7. **Transparency**

7B Laws, regulations, judicial decisions and administrative rulings pertaining to the application of the principles and norms prescribed in points 2 to 5 shall be made publicly available in the official language of the Party adopting such texts and, shall be provided, upon request, to any other Party.

**SECTION 3: BORDER MEASURES RELATED TO COUNTERFEIT OR PIRATED GOODS**

8. **Suspension of Customs Clearance**

8B PARTIES shall adopt the necessary measures and procedures, whether judicial or administrative, to enable intellectual property right holders, who may have valid grounds for suspecting that imported goods infringe their trademark or constitute a slavish copy of a work protected by copyright in accordance with the national legislation of the importing country, to obtain the suspension by the customs authorities of clearance from customs of such goods. Such suspension shall be for a limited period of time pending a determination by the competent authorities whether the goods are infringing.

8A (See point 15A of Part IV above).

9. **Safeguards against Obstacles to Legitimate Trade**

9B (i) Persons initiating the procedure for the suspension of clearance from customs shall be required to provide adequate documentary evidence to satisfy the competent authorities that prima facie there is an infringement of their right to protection in accordance with the relevant laws of the country of importation.
(ii) Such persons shall also be required to provide security by bond or deposit of money in an amount sufficient to indemnify the authorities or to hold the importer harmless from loss or damage resulting from the action undertaken.

(iii) The importers of such goods or other persons affected by the procedure shall be informed promptly of actions taken and shall be entitled to a judicial review of any final decision taken by an administrative authority.

9A (See points 16A, 17A and 18A of Part IV above).

10. **Disposal of Infringing Goods**

10B Where it is finally determined that the goods are infringing in accordance with the relevant laws of the importing country, the competent authorities shall provide for the forfeiture, destruction or disposal of the goods in a manner not prejudicial to the interests of the right holder.

10A (See point 22 of Part IV above).
Draft “Agreement on Trade in Counterfeit and Pirated Goods”
included as an alternative in “Brussels Draft” of 3 December 1990

TRADE IN COUNTERFEIT AND PIRATED GOODS

Preamble

Desirous of providing for adequate procedures and remedies to discourage international trade in counterfeit and pirated goods while ensuring an unimpeded flow of trade in legitimate goods;

Deeming it highly desirable to ensure competition in international trade and to prevent arrangements which may restrain such competition;

Recognising the need to take into consideration the public policy objectives underlying national systems for the protection of intellectual property, including developmental and technological objectives;

Recognising also the special needs of the least developed countries in respect of maximum flexibility in the application of this Agreement in order to enable them to create a sound and viable technological base.

SECTION 1: OBJECTIVES

Article I

1. With respect to intellectual property and international trade, PARTIES agree on the following objectives:

(a) To clarify GATT provisions related to the effects of the enforcement of intellectual property rights on international trade, in particular Articles IX and XX(d), and to provide for adequate procedures and remedies to discourage international trade in counterfeit and pirated goods.

(b) To ensure that such procedures and remedies do not themselves become barriers to legitimate trade and are not applied in a discriminatory manner to imported goods.

(c) To ensure the free flow of goods and prevent arrangements, effected by private or public commercial enterprises, which may result in the division of markets or otherwise restrain competition, thus having harmful effects on international trade.

SECTION 2: GUIDING PRINCIPLES AND NORMS

Article II: Trade in Counterfeit and Pirated Goods

1. PARTIES undertake to discourage trade in counterfeit trademark and pirated copyright goods and to combat such trade without inhibiting the free flow of legitimate trade. For this purpose, they shall adopt in their respective national legislation the necessary measures, procedures and remedies set out in this Section.
2. PARTIES shall exchange information and promote cooperation between customs authorities with respect to trade in counterfeit trademark and pirated copyright goods.

(1) For the purposes of this Agreement:

- Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.

- Pirated copyright goods shall mean any goods which are copies made without the consent of the right holder or person duly authorised by him in the country of production and which are made directly or indirectly from an article where the making of that copy constitutes an infringement of a copyright or a related right under the law of the country of importation.

Article III: Safeguard against Creation of Trade Impediments in the Application of Measures and Procedures to Enforce Intellectual Property Rights

In the application of national measures and procedures to enforce intellectual property rights, PARTIES undertake to avoid the creation of impediments or distortions to international trade, and to refrain from applying their national legislation in a discriminatory manner to imports from the territories of other PARTIES. For this purpose, they shall observe the principles of national treatment and MFN enshrined in the GATT.

Article IV: Non-recourse to Unilateral Measures

PARTIES shall refrain, in relation to each other, from threatening or having recourse to unilaterally decided economic measures of any kind aimed at ensuring the enforcement of intellectual property rights.

Article V: Control of Anti-Competitive and Trade Distorting Practices

PARTIES shall co-operate with each other to ensure the free flow of goods and to prevent intellectual property rights being used, through arrangements among enterprises, to create restrictions or distortions to international trade or to engage in anti-competitive practices having adverse effects on their trade. For this purpose, they undertake to exchange information and to agree upon the request of any other PARTY to consult with respect to any such practices and to take such measures in their territory as may be deemed appropriate with a view to eliminating the adverse effects of such practices.

Article VI: Transparency

Laws, regulations, judicial decisions and administrative rulings pertaining to the application of the principles and norms prescribed in Sections 1 and 2 shall be made publicly available in the official language of the PARTY adopting such texts and, shall be provided, upon request, to any other PARTY.
SECTION 3: BORDER MEASURES RELATED TO COUNTERFEIT AND PIRATED GOODS

Article VII: Suspension of Release by Customs Authorities

PARTIES shall, in conformity with the provisions set out below, adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. PARTIES may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. PARTIES may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of such goods destined for exportation from their territories.

(1) Where a PARTY has dismantled substantially all controls over movement of goods across its border with another PARTY with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

(2) It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

Article VIII: Application

Any right holder initiating the procedures under Article VII above shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is prima facie an infringement of his intellectual property right and to supply a sufficiently detailed description of the goods to make them readily recognisable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.

Article IX: Security or Equivalent Assurance

The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.

Article X: Notice of Suspension

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article VII above.

Article XI: Duration of Suspension

If, within a period not exceeding ten working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or
exportation have been complied with; in appropriate cases, this time-limit may be extended by another ten working days. Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, such provisional measures shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where national law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

Article XII: Indemnification of the Importer and of the Owner of the Goods

Relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to Article XI above.

Article XIII: Right of Inspection and Information

Without prejudice to the protection of confidential information, PARTIES shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any product detained by the customs authorities inspected in order to substantiate his claims. The competent authorities shall also have the authority to give the importer an equivalent opportunity to have any such product inspected. Where a positive determination has been made on the merits of a case, PARTIES may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question.

Article XIV: Ex Officio Action

1. Where PARTIES require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired prima facie evidence that an intellectual property right is being infringed:

(a) The competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;

(b) The importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions, mutatis mutandis, set out at Article XI above.

(c) Public authorities or officials shall not be exempted from liability, except for actions taken or intended in good faith.

Article XV: Remedies

In order to create an effective deterrent to infringement and without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order, that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. In considering such requests, the need for proportionality between the seriousness of the infringement
and the remedies ordered as well as the interests of third parties shall be taken into account. In regard to counterfeit, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.

Article XVI: Review

The importer or other persons affected by border measures shall be entitled to judicial review or other independent review by a distinct higher authority of any final decision taken by an administrative authority.

Article XVII: De Minimis Imports

PARTIES may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travellers’ personal luggage or sent in small consignments.