INFORMATION FROM THE UNITED STATES DELEGATION

In a communication, dated 3 April 1985, the United States Trade Representative in Geneva has provided the following information describing the United States Trademark Counterfeiting Act of 1984 and provisions of the Trade and Tariff Act of 1984 relating to intellectual property. The information updates that made available to the secretariat as a contribution to the material used as a basis for the Preliminary Background Note by the Secretariat on Trade in Counterfeit Goods (MDF/W/19).

THE TRADEMARK COUNTERFEITING ACT OF 1984

In October of 1984, the United States Congress enacted the Trademark Counterfeiting Act of 1984. This Act makes it a felony for a person intentionally to traffic, or attempt to traffic, in goods or services bearing a counterfeit trademark. The penalties upon conviction are up to five years imprisonment and a US$250,000 fine for individuals, and a fine up to US$1,000,000 for non-individual defendants. Upon a second conviction, the penalties imposed are significantly greater. This new statute will allow, for the first time, effective criminal prosecution of counterfeit traffickers in the United States and should prove useful in the suppression of this illicit traffic in the United States.
THE TRADE AND TARIFF ACT OF 1984

The Trade and Tariff Act of 1984, which was enacted at the end of October, 1984, reflects the concern of the United States Congress for the protection of intellectual property rights. The law contains five provisions related to intellectual property. The following is a brief description of each of those provisions.

COMPUTER SOFTWARE

Section 251 of the Act declares the sense of Congress that copyright is the appropriate form of protection for computer software and that it would be in the U.S. interest to seek appropriate relief if any country withdraws copyright protection from software or provides for compulsory licensing of it. The language of the provision makes it clear that the draft proposal of the Ministry of Trade and Industry in Japan was of particular concern at the time the provision was being considered, but the language would apply to the action of any government.

TRADE BARRIER REPORT

Section 303 adds to Title I of the Trade Act of 1974 a new reporting requirement, section 181. Within one year of enactment of the Trade and Tariff Act, and each year thereafter, the United States Trade Representative must submit a report to the Senate Finance Committee and the House Ways and Means Committee identifying and analyzing acts, policies, and practices that constitute significant barriers to, or distortions of, among other things, exports of U.S. goods and services protected by trademarks, patents, and copyrights. As part of the report, the Trade Representative must estimate the impact the trade distortions have on U.S. commerce.

Section 303 is the pivotal provision of the Act for intellectual property since the report also must describe the actions taken, using section 301 of the Trade Act of 1974 and consultations and negotiations with foreign governments, to eliminate or reduce the identified intellectual property related trade barriers. The identified trade barriers also will be used in deciding to designate countries as beneficiaries under the Generalized System of Preferences, during the two year product review, and during the three year review of the discretionary designation criteria on a country-by-country basis.
SECTION 301 INVESTIGATIONS

Section 301 of the Trade Act requires the President to take all appropriate and feasible action within his power to enforce U.S. rights under trade agreements and to eliminate unreasonable, unjustifiable or discriminatory acts, policies, or practices of other governments that burden or restrict U.S. commerce, which includes services and foreign direct investment.

Section 304 amends section 301 of the Trade Act of 1974 by, among other things, defining "unreasonable" and "unjustifiable" to include intellectual property related acts, policies, and practices of foreign governments. "Unreasonable" is defined to include any act, policy, or practice which denies fair and equitable provision of adequate and effective protection of intellectual property rights even though the act, policy, or practice is not inconsistent with the international legal rights of the United States. "Unjustifiable" includes any act, policy, or practice which denies protection of intellectual property rights and is in violation of, or inconsistent with, the international legal rights of the United States.

NEGOTIATING AUTHORITY

Section 305 of the Trade and Tariff Act establishes new negotiating objectives under section 102 of the Trade Act of 1974. Negotiations related to high technology products are to be directed toward the elimination of the acts, policies, and practices identified in the report on trade barriers. Particular consideration must be given to

"measures which fail to provide adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property (including trademarks, patents, and copyrights)".

A second negotiating objective is

"to provide effective minimum safeguards for the acquisition and enforcement of intellectual property rights and the property value of proprietary data."
THE GENERALIZED SYSTEM OF PREFERENCES

The Generalized System of Preferences provides duty free entry to eligible products from developing countries designated as beneficiaries. Title V of the Trade and Tariff Act extended the program, which was to have expired in January of 1985.

Section 501 of the Trade and Tariff Act states that one of the purposes of the Generalized System of Preferences is to:

"encourage developing countries ... to provide effective means under which foreign nationals may secure, exercise, and enforce exclusive intellectual property rights".

This is to be achieved in a manner that conforms to the international obligations of the United States under the General Agreement on Tariffs and Trade.

Section 503 makes it clear that the prohibition on designating as a GSP beneficiary, any country that has expropriated property without compensation, includes patents, trademarks and copyrights within the meaning of "property".

Section 503 also requires that, in deciding to designate a country, the President consider

"the extent to which such country is providing adequate and effective means under its laws for foreign nationals to secure, exercise, and to enforce exclusive rights in intellectual property, including patents, trademarks and copyrights".

Section 505 requires the President to report to Congress in three years on the designation criteria in sections 501 and 502(c) of the Trade Act, which now includes the criterion related to intellectual property rights.

The extent to which a country provides adequate and effective means under its law for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property must be "given great weight" during the two-year product review in deciding how competitive a country is with respect to a particular product.