

ANNEX XVIII

REFERRED TO IN ARTICLE 8

PROTECTION OF INTELLECTUAL PROPERTY

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SECTION I

GENERAL PROVISIONS

Article 1

Subject Matter

The subject matter of this Annex on intellectual property comprises in particular:

- (a) international conventions related to intellectual property;
- (b) copyright¹ and related rights; trademarks for goods and services, false designations of origin, trade names, and unfair competition; geographical indications²; industrial designs; patents; plant variety protection; measures related to biological diversity and traditional knowledge; undisclosed information;
- (c) acquisition and maintenance of intellectual property rights; and
- (d) enforcement of intellectual property rights.

Article 2

International Conventions

1. The Parties reaffirm their obligations set out in the following multilateral agreements:

- (a) TRIPS Agreement;
- (b) *Paris Convention of 20 March 1883 for the Protection of Industrial Property, as revised by the Stockholm Act of 1967* (hereinafter referred to as the “Paris Convention”);

¹ Parties understand that computer programmes and compilations of data are covered by copyright. They must meet the general requirements for protection as provided under domestic law.

² Geographical indications may also refer to appellations of origin subject to the domestic law of a Party.

- (c) *Berne Convention of 9 September 1886 for the Protection of Literary and Artistic Works, as revised by the Paris Act of 1971* (hereinafter referred to as the “Berne Convention”);
 - (d) *Patent Cooperation Treaty of 19 June 1970, as revised by the Washington Act of 2001*;
 - (e) *International Convention of 26 October 1961 for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations* (hereinafter referred to as the “Rome Convention”);
 - (f) *Protocol of 27 June 1989 relating to the Madrid Agreement concerning the International Registration of Marks*; and
 - (g) *Budapest Treaty of 28 April 1977 on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure*.
2. The Parties shall comply with the substantive provisions of the following agreements:
 - (a) *World Intellectual Property Organisation* (hereinafter referred to as “WIPO”) *Copyright Treaty of 20 December 1996*;
 - (b) *WIPO Performances and Phonogram Treaty of 20 December 1996* (hereinafter referred to as the “WPPT”); and
 - (c) *Beijing Treaty on Audiovisual Performances of 24 June 2012*.
3. The Parties which are not yet a party to the *Nice Agreement of 25 June 1957 Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, as revised by the Geneva Act of 1979*, shall apply its classification system.
4. The Parties, which are not yet a party to the *Geneva Act of 1999 of the Hague Agreement Concerning the International Registration of Industrial Designs*, shall endeavour to accede to it.
5. The Parties agree to promptly hold expert meetings, upon request of a Party, on matters relating to the conventions referred to in Article or to future international conventions on harmonisation, administration and enforcement of intellectual property rights and on activities in international organisations, such as the WTO and the WIPO, as well as on relations of the Parties with non-parties on matters concerning intellectual property.
6. The provisions of Chapter 8 (Intellectual Property) of the Agreement and this Annex shall be without prejudice to the *Doha Declaration on the TRIPS Agreement and Public Health*, as well as the Amendment of the TRIPS Agreement as adopted by the WTO General Council on 6 December 2005.

SECTION II

STANDARDS CONCERNING THE AVAILABILITY, SCOPE AND USE OF INTELLECTUAL PROPERTY RIGHTS

Article 3

Copyright and Related Rights

1. Without prejudice to the obligations set out in the international agreements to which they are parties, each Party shall, in accordance with its domestic laws, rules and regulations, grant and ensure adequate and effective protection to the authors of works, performers, producers of phonograms, and broadcasting organisations.
2. The Parties shall promote the establishment of appropriate bodies for the collective management of copyright and related rights and encourage such bodies to operate in a manner which is efficient, transparent and accountable to their members.

Article 4

Trademarks, False Designations of Origin, Trade Names, and Unfair Competition

1. The Parties shall grant adequate and effective protection to trademark right holders of goods and services. The Parties shall further ensure in their domestic laws, rules and regulations adequate and effective means to protect against the use of any misleading, or if provided for in a Party's domestic laws and regulations, false, designation of origin or indications of source, including names and flags of countries, regional and city names, with regard to all goods and services. For the purposes of this Article, designations of origin or indications of source mean direct or indirect references to the geographical origin of goods or services.
2. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular, words including combinations of words, personal names, letters, numerals, figurative elements, shapes of goods, and combinations of colours, as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, the Parties may make registrability depend on distinctiveness acquired through use. The Parties may require, as a condition of registration, that signs be visually perceptible.
3. The Parties shall grant the owner of a registered trademark the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above

shall not prejudice any existing prior rights, nor shall they affect the possibility of Parties making rights available on the basis of use.

4. The protection according to paragraph 3 shall not be limited to identical or similar goods or services where the trademark is well-known in the country where protection is being invoked, and the use of the conflicting mark would indicate a connection between those goods or services and the owner of the well-known mark, and that the interests of the owner of the well-known mark would likely be damaged by such use. Cases of likelihood of damage may be where the use of the trademark without due cause would be detrimental to the distinctive character, or take unfair advantage, or be detrimental to the repute of the well-known mark.

5. The Parties reaffirm the importance of the guiding principles contained in the *WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*, adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the WIPO in 1999, and the *WIPO Joint Recommendation Concerning Provisions on the Protection of Marks and other Industrial Property Rights in Signs, on the Internet*, adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the WIPO in 2001.

6. The Parties shall provide the legal means for interested parties to prevent the use of any designation of origin or indication of source, for goods not originating in the place indicated by the designation in a manner which misleads the public, or is false³, as to the geographical origin of those goods, or which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention.

7. The Parties shall provide the legal means for interested parties to prevent the use of any designation of origin or indication of source for services, including cases where such indication is used as a trademark, trade name or business name, in a manner which misleads the public, or is false⁴, as to the geographical origin or constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention.

8. The Parties shall prevent any misleading use or registration of country names of a Party or of its territory names, in particular as trademarks, company names, names of associations, and other trade or business names.

9. The Parties, in accordance with their obligations under Article 6*ter* of the Paris Convention, shall prevent that armorial bearings, flags and other State or regional emblems of a Party are used or registered in particular as a trademark, company name, name of association or other trade or business name, in non-compliance with the conditions laid down in the laws and regulations of that Party. This protection shall also apply to signs that may be confused with armorial bearings, flags and other State or regional emblems of the Parties.

³ If a Party provides so in its domestic laws, rules and regulations.

⁴ Id.

Article 5

Geographical Indications

1. The Parties shall ensure in their domestic laws, rules and regulations adequate and effective means to protect geographical indications with regard to all goods.
2. For the purposes of this Annex, geographical indications are indications which identify goods as originating in the territory of a Party, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to their geographical origin.
3. The Parties reaffirm the importance that they give to the subject of protection of geographical indications with a view to preserve traditional methods of production and cultural heritage.

Article 6

Patents

1. The Parties shall at least ensure in their domestic laws, rules and regulations that patents are available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced. Importation and offering on the market of a product shall be deemed to be “working of the patent” in the country of importation.
2. Each Party may exclude from patentability inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including to protect human, animal or plant life or health, or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by its domestic laws, rules and regulations.
3. Each Party may also exclude from patentability, in accordance with its domestic laws, rules and regulations:
 - (a) any invention of methods for treatment of the human or animal body by surgery or therapy or for diagnostic methods practiced on the human or animal body; this provision shall not apply to products, in particular substances or compositions, for use in any of these methods; and
 - (b) plant or animal varieties or essentially biological processes for the production of plants or animals; this provision shall not apply to microbiological processes or the products thereof.

Article 7

Plant Variety Protection

1. The Parties shall provide for adequate and effective protection of new varieties of plants. To ensure protection of plant varieties, the Parties that are not yet a party to the *International Convention for the Protection of New Varieties of Plants* (UPOV⁵) shall comply with the substantive provisions of this Article or may opt to join the UPOV Convention by 2019.

2. In respect of the propagating material, the breeder shall have the right to authorise any of the following acts⁶:

- (a) production or reproduction;
- (b) conditions for the purpose of propagation;
- (c) offering for sale;
- (d) selling or other marketing;
- (e) exporting;
- (f) importing; and
- (g) stocking for any of the purposes mentioned above.

3. The breeder may make his or her authorisation subject to conditions and limitations.

4. Subject to the exceptions in paragraph 6, the rights of the breeder stated in paragraph 2 shall also extend to harvested material, including entire plants and/or parts of plants, if the production thereof resulted directly from the unauthorised use of the plant's propagating material of the protected variety, unless the breeder has had reasonable opportunity to exercise such rights in relation to the said propagating material.

5. The rights of the breeder recognised in paragraph 2 shall also apply to:

- (a) varieties which are essentially derived⁷ from the protected variety, where the protected variety is not itself an essentially derived variety;

⁵ International Convention for the Protection of New Varieties of Plants 1978 or 1991 Act.

⁶ The acts listed in this paragraph require the authorisation of the breeder.

⁷ A variety shall be deemed to be essentially derived from the initial variety when:

- (a) it is predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety;
- (b) it is clearly distinguished from the initial variety; and
- (c) except for the differences which result from the act of derivation, it conforms to the initial variety in the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety.

- (b) varieties which are not clearly distinct from the protected variety; and
 - (c) varieties whose production requires the repeated use of the protected variety.
6. The breeder's rights shall not extend to:
- (a) acts done for non-commercial purposes;
 - (b) acts done for experimental purposes;
 - (c) acts done for the purpose of breeding other varieties, and, except where the provisions of paragraph 5 apply, acts referred to in paragraph 2 in respect of such other varieties; and
 - (d) the traditional right of small farmers⁸ to save, use, exchange, share or sell their farm produce of a protected variety, except when the sale is for the purpose of reproduction under a commercial marketing agreement. This provision shall also extend to the exchange and sale of seeds among and between small farmers for reproduction and replanting in their own land.
7. Each Party may, within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, restrict the breeder's right in relation to any variety in order to permit farmers to use for propagating purposes, on their own holdings, the product of the harvest which they have obtained by planting, on their own holdings, the protected variety.
8. A Party may restrict the exercise of the breeder's rights on matters of public interest and may take appropriate measures to prevent abuse of the availment of the exceptions and in the exercise of breeders' rights.
9. The rights granted under plant variety protection shall not extend to acts concerning any material of the protected variety, which has been sold or otherwise marketed by the breeder or with his consent, or any material derived from the said material, unless it:
- (a) involves further propagation of the variety in question; or
 - (b) involves the export of the variety, which enables the propagation of the variety, into a country that does not protect the variety of the plant

⁸ In the Philippines, small farmer refers to natural persons dependent on small-scale subsistence farming as their primary source of income and whose sale, barter or exchange of agricultural products do not exceed a gross value of one hundred eighty thousand Philippine pesos (P180,000.00) per annum based on 1992 constant prices, subject to adjustment by the competent authorities.
For the sake of clarity, the traditional rights of small farmers referred to apply in the Philippines only.

genus or species to which the variety belongs, except where the exported material is for final consumption purposes.

Article 8

Undisclosed Information

1. The Parties, when requiring, as a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilise new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, the Parties shall protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected from unfair commercial use.
2. If an issue pertaining to the implementation of paragraph 1 arises, the Parties shall jointly work and address the issue, and if necessary, establish a mechanism facilitating the cooperation, with a view to finding a mutually agreeable measure.

Article 9

Industrial Designs

The Parties shall ensure in their domestic laws, rules and regulations, adequate and effective protection of industrial designs by providing, in particular, a period of protection of at least 15 years in total. Each Party may provide for a shorter period of protection for designs of component parts used for the purpose of the repair of a product.

Article 10

Measures Related to Biological Diversity and Traditional Knowledge⁹

1. The Parties recognise the role of genetic resources and traditional knowledge in innovation.
2. In accordance with their domestic laws, rules and regulations, the Parties respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their wider application with the approval and involvement of the holders of such knowledge, innovations and practices and encourage the equitable sharing of the benefits arising from the utilisation of such knowledge, innovations and practices.

⁹ The provisions of this Article shall not apply to Iceland and Liechtenstein, until they have become parties to the *Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from Their Utilization*.

3. The Parties shall, in accordance with their domestic laws, rules and regulations, require that applicants for patent protection disclose the origin or source of the genetic resources if the invention is directly based on genetic resources. The Parties may require that the disclosure includes a statement that prior informed consent was obtained for access to the genetic resources. These disclosure requirements shall also apply to inventions that are directly based on the traditional knowledge associated with genetic resources that is held by indigenous and local communities. As far as provided in their domestic laws, rules and regulations, the Parties shall also apply this provision to other intellectual property rights applications.¹⁰

4. The Parties shall take legislative, administrative, or policy measures, as appropriate, for access to genetic resources and traditional knowledge associated with genetic resources, for fair and equitable sharing of benefits arising from their utilisation, and for compliance with domestic laws, rules and regulations or regulatory requirements on access and benefit-sharing, in accordance with the provisions of the *Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity*.

5. Each Party shall, if relevant and in accordance with its domestic laws, rules and regulations, take appropriate measures with the aim of ensuring that access to genetic resources and traditional knowledge associated with genetic resources held by indigenous and local communities is based on prior informed consent and that mutually agreed terms for the fair and equitable sharing of benefits have been established.

6. The Parties shall collaborate to address situations of non-compliance with the provisions of this Article.

SECTION III

ACQUISITION AND MAINTENANCE OF INTELLECTUAL PROPERTY RIGHTS

Article 11

Acquisition and Maintenance

Where the acquisition of an intellectual property right is subject to the right being granted or registered, the Parties shall ensure that the procedures for granting or registration are at least of the same level as that provided in the TRIPS Agreement, in particular Article 62 thereof.

¹⁰ Under the *Patent Cooperation Treaty* (PCT) and the *European Patent Convention* (EPC), there are no provisions regarding disclosure of origin for genetic resources and traditional knowledge. Parties are not required to request the information as per this paragraph in PCT and EPC patent applications.

SECTION IV
ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Article 12

General

The Parties shall provide in their domestic laws, rules and regulations for enforcement provisions for rights covered by Article 1 (Subject Matter) that shall at least be of the same level as that provided in the TRIPS Agreement, in particular Articles 41 to 61 thereof.

Article 13

Suspension of Release

1. The Parties shall adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation and exportation¹¹ of counterfeit trademark or pirated copyright goods may take place, to lodge an application in writing with the competent authorities, administrative or judicial, for the suspension by the customs authorities of the release of such goods into free circulation. For goods protected by other intellectual property rights, the Parties allow a right holder to resort to other measures such as the filing of a form containing a description of the goods for the customs authorities' records, and action if warranted.
2. The Parties, in accordance with domestic laws, rules and regulations, shall enable their competent authorities to suspend the release of imported goods or goods for export when they have valid grounds for suspecting that the same are counterfeit or pirated.
3. The Parties shall authorise their customs authorities to inform the right holder in order to enable the lodging of an application under paragraph 1.
4. The Parties agree that there shall be no obligation to apply procedures set forth in paragraphs 1 and 2 to the suspension of the release of goods put on the market by or with the consent of the right holder.
5. In case of suspension pursuant to paragraphs 1 or 2 with respect to importation into or exportation from the customs territory of a Party, the competent authorities of the Party suspending the release of the goods shall notify the right holder of the suspension, including necessary information to enforce his rights.
6. The Parties shall ensure that the competent authorities, administrative or judicial, on request from the right holder, have the authority to decide that the goods, the release of which has been suspended pursuant to paragraphs 1 or 2, shall be held seized until a final decision is reached in the infringement dispute.

¹¹ It is understood that there shall be no obligation to apply such procedures to goods in transit.

7. The Parties shall provide that if the competent authorities have made a final determination that the suspected goods infringe an intellectual property right, procedures are made available to enable the right holder to seek recovery of, and be indemnified against, costs and expenses that the right holder may have incurred in connection with the exercise of rights and remedies provided in this Article.

Article 14

Right of Inspection

1. The competent authorities shall give the applicant for the suspension of goods and other persons involved in the suspension sufficient opportunity to inspect goods whose release has been suspended.
2. When examining goods, the competent authorities may take samples and grant the right holder access to such samples for the purpose of analysis or facilitating subsequent procedures, in accordance with the domestic laws, rules and regulations of the Party concerned. The necessary evidence shall at all times be properly preserved.
3. The declarant, holder or owner of the suspected infringing goods may be present at the inspection with a view to protecting its trade secret, in accordance with the domestic laws, rules and regulations of the Party concerned.

Article 15

Injunctions

1. Each Party shall ensure that its judicial authorities have the authority to order prompt and effective provisional measures:
 - (a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;
 - (b) to preserve relevant evidence with regard to the alleged infringement.
2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed. The Parties recognise the need to act expeditiously upon applications for provisional measures.
3. Each Party shall ensure that, in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities have the authority to order a party to desist from an infringement, *inter alia*, to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the

infringement of an intellectual property right, immediately after customs clearance of such goods.

Article 16

Removal from Commerce

The Parties shall ensure that the competent judicial authorities in an infringement dispute may order, at the request of the right holder, that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual property right and, in appropriate cases, with regard to materials and implements predominantly used in the creation or manufacture of those goods. Such measures include, primarily, effective removal from the channels of commerce or destruction. In considering a request for corrective measures, 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.

Article 17

Civil Remedies

Each Party shall provide that:

- (a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer, who knowingly or with reasonable grounds to know engaged in infringing activity of intellectual property rights, to pay the right holder damages adequate to compensate for the actual injury the right holder has suffered as a result of the infringement; and
- (b) in determining the amount of damages for intellectual property rights infringement, its judicial authorities shall consider, *inter alia*, the actual damage, or a reasonable amount of compensation, taking into account the fair market value of the intellectual property rights in relation to the infringing goods.

Article 18

Criminal Remedies

Each Party shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright or related rights piracy on a commercial scale.

Article 19

Liability Declaration, Security or Equivalent Assurance

The competent authorities shall have the authority to require an applicant to declare to accept liability towards the persons involved and, in justified cases, 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 20

Cooperation in the Field of Intellectual Property

1. The Parties, recognising the growing importance of intellectual property as a factor of economic, social, and cultural development, agree to enhance their cooperation in the field of intellectual property.
 2. The areas and forms of cooperation may include but not be limited to, as mutually agreed by the Parties:
 - (a) exchange of information, experiences, and experts in the field of intellectual property;
 - (b) promotion of public awareness on intellectual property;
 - (c) capacity building and technical assistance on intellectual property management and commercialisation;
 - (d) exchange of non-confidential information for the development of publicly accessible databases of intellectual property rights and reference to available literature on intellectual property;
 - (e) strengthening the intellectual property rights protection and enforcement system; and
 - (f) other cooperation activities as may be agreed upon by the Parties.
 3. The exchange of information on intellectual property covers only non-confidential information in electronic forms and in English, pertaining to statistics, activities, best practices, examination manuals, laws, regulations, decisions, and resolutions, as may be requested by a Party.
 4. Cooperation activities are subject to the availability of monetary funds and other resources.
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