

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 769 final

Brussels, 18 November 1982

Proposal for a

COUNCIL DECISION

on common action by Member States within the framework of
the diplomatic conference for the revision of the
Paris Convention

(submitted to the Council by the Commission)

COM(82) 769 final

COM 769

-1-

Proposal for a Council Decision
on the Revision of the Paris Convention
for the Protection of Industrial Property

1. This draft Decision relates to the current negotiations for revising the Paris Convention for the Protection of Industrial Property. The negotiations are taking place in a Diplomatic Conference, of which three sessions have been, or are being, held:

Geneva, February/March, 1980

Nairobi, September/October, 1981

Geneva, 4th - 29th October and 23rd - 27th November, 1982

2. The extension of the third session (on 23rd - 27th November) was agreed upon in Geneva in order to resolve the problem of Article 5A of the Paris Convention, governing the sanctions which may be applied by countries of the Paris Union in cases where patents are not exploited or are insufficiently exploited. To meet the developing countries' wishes, it had been provisionally agreed in Nairobi, by all industrialised countries except the USA, that one such sanction should be the "exclusive, non-voluntary licence". However, since the second session of the Diplomatic Conference in Nairobi, EEC and US industrial interests expressed their objections to the "exclusivity" of the sanction; and the US government (with the support of the Community and of other industrialised countries) undertook to conduct informal negotiations to see whether a modification of the "Nairobi text" could be agreed.

3. During the last two working days in Geneva in October, 1982, the Diplomatic Conference was informed that such an agreement had been reached and a text prepared in which "exclusivity" had been dropped and - another improvement - the occasions specified on which sanctions might be used. The main advantage of the new text is that it abandons the clause whereby developing countries would be allowed to provide for non-voluntary licenses under a patent to be exclusive, thus depriving the inventor not only of the monopoly rights conferred by the patent, but also of the right to exploit his own invention: this clause was the main cause of opposition by the United States and Italian delegations to the text resulting from the second session. At a Community meeting in Geneva on Friday, 29th October, the Commission representative recommended acceptance of the text; and nine Member States' representatives agreed. The representatives of Italy disagreed. All other industrialised countries were prepared to accept the text. In order to allow the countries of the Paris Union time to study the text, the Diplomatic Conference was adjourned until 23rd November: its meeting that week will be exclusively concerned with that text.

4. There are four principal reasons for supporting the new text:
- (a) it meets the principal objection raised by EEC industries to the "Nairobi text";
 - (b) it represents a remarkable turn-round in the thinking of the developing countries;
 - (c) it is supported by the United States and could therefore be the basis of a genuine consensus in the Conference; and
 - (d) it may not commend itself to a later session of the Conference if there is a change in the leadership of the Group of 77.

5. The Italian Government is unwilling to agree to the new text unless other amendments are made to Articles 5A and 5 quater. These amendments may not be unreasonable in themselves; but there is not the slightest chance that the Italian Government, even if supported by other Member States, will squeeze more from the developing countries than the United States, with considerable skill and energy, have succeeded in doing in Geneva. Indeed, the amendments sought by the Italian Government are almost certain to undermine the informal agreement negotiated by the United States. The informal agreement requires a consensus within the Conference; consensus within the Conference presupposes a consensus among the industrialised countries; and one of the prerequisite of consensus among the industrialised countries is common action by Member States of the Community.

6. There is already a Council Decision, dated 29th January, 1980, requiring common action in this field; and there are two directives in accordance with the Council Decision, one dated 20th February, 1980, the other dated 16th October, 1981, applying the Decision to the negotiations on Article 5A. The present draft Decision, though consistent with the earlier decisions, is specially framed to deal with the position which has arisen in the third session of the Diplomatic Conference.

Proposal for a
COUNCIL DECISION

on common action by Member States
within the framework of the diplomatic conference
for the revision of the Paris Convention

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic
Community, and in particular Article 116 thereof,

Having regard to the proposal from the Commission,

Having regard to the Council Decision of 29 January 1980,

Whereas a Diplomatic Conference is revising the Paris Convention for the Protection of Industrial Property;

Whereas the revision of the Paris Convention includes matters of particular interest to the common market;

Whereas it could have damaging consequences for the common market and for the Community if Member States adopted different views at the Diplomatic Conference;

Whereas the Third Session of the Diplomatic Conference is being extended from 23 to 27 November 1982, for the purpose of resolving problems encountered in connection with Articles 5A and 5 quater of the Paris Convention;

Whereas it is necessary for the successful resolution of these problems for Member States to support a text for the two articles in question set out in the annex to the Decision;

Whereas this Decision does not prejudice the Community's existing powers,

HAS DECIDED AS FOLLOWS:

Sole Article

The implementation of common action by Member States, in accordance with the Council Decision of 29 January 1980, shall, as regards Articles 5A and 5 quater of the Paris Convention for the Protection of Industrial Property, be in accordance with the Directive annexed hereto.

Done at Brussels,
For the Council
The President

Directive

The delegations of Member States taking part in the Diplomatic Conference on the revision of the Paris Convention signify their agreement:

- (a) to support the revised texts of Article 5A, paragraph 8, and of Article 5 quater, set out below;
- (b) to reaffirm their earlier agreement to include a Community clause in future bilateral agreements between EEC Countries and developing countries; and
- (c) to withdraw any reservations on, or proposals for amending, other paragraphs of Article 5A.

ARTICLE 5A

(8) Notwithstanding anything contained in paragraphs (3) and (4), developing countries have the right to apply the following provisions:

(a) [Same as in document PR/DC/37, Annex II, as amended in the meetings of Main Committee I of October 23, 1981 (see document PR/SM/5, pages 88 to 94)]

(b) Any developing country has the right to provide in its national law that the patent may be forfeited or may be revoked where the patented invention is not worked, or is not sufficiently worked, in the country before the expiration of five years from the grant of the patent in that country, provided that the national law of the country provides for a system of non-voluntary licenses applicable to that patent and that, in the opinion of the national authorities competent for forfeiture or revocation, at the time of the decision concerning forfeiture or revocation, the grant of a non-voluntary license would not be possible because there is no applicant for a non-voluntary license who could ensure sufficient working, or that the beneficiary of a non-voluntary license, if one was granted before the decision concerning forfeiture or revocation, did not, in fact, ensure sufficient working, unless the owner of the patent proves circumstances which in the judgement of the national authorities competent for forfeiture or revocation justify the non-working or insufficient working of the patented invention.

ARTICLE 5 QUATER

- (1) Same as present text of Article 5 quater
- (2) Any developing country has the right not to apply the provisions of paragraph (1).

The present text of Article 5 quater (Patents: Importation of products manufactured by a process patented in the importing country) reads as follows:

"When a product is imported into a country of the Union where there exists a patent protecting a process of manufacture of the said product, the patentee shall have all the rights, with regard to the imported product, that are accorded to him by the legislation of the country of importation, on the basis of the process patent, with respect to products manufactured in that country."

Le texte actuel de l'article 5 quater (Brevets: introduction de produits fabriqués en application d'un procédé breveté dans le pays d'importation) se lit comme suit:

"Lorsqu'un produit est introduit dans un pays de l'Union où il existe un brevet protégeant un procédé de fabrication dudit produit, le breveté aura, à l'égard du produit introduit, tous les droits que la législation du pays d'importation lui accorde, sur la base du brevet de procédé, à l'égard des produits fabriqués dans le pays même."