

DISCUSSION PAPER

New Forms of Sui Generis Protection Relevant for the International Regime (GR and/or TK)

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Summary

Based on previous discussions in the CBD and other international processes, this issues paper contains reflections on possible new forms of protection for traditional knowledge associated to genetic resources (TK), as identified in Element (xv) of the Terms of Reference for the elaboration of the International Regime (IR).¹ These reflections are guided by the conclusions of the Working Group on Article 8(j) and the COP, that the most appropriate protection for traditional knowledge would be “*based on a combination of appropriate approaches, ... including the use of existing intellectual property mechanisms, sui generis systems, customary law, the use of contractual arrangements, registers of traditional knowledge, and guidelines and codes of practice.*”² This paper offers possible means of operationalizing such a “combined approach to TK protection” by drawing upon unfair competition law; access and benefit-sharing models as set out in the Convention; compensatory liability schemes; and the recognition of customary laws and understandings. The paper elaborates these four legal tools and suggests that they could be combined and coherently applied within the umbrella of existing unfair competition law. As many TK holders and international policy processes have suggested, this broader approach might be more appropriate to the needs expressed by TK holders than one based purely on private property rights. Finally, the paper refers to some operational frameworks at national and international level, which already apply elements of this ‘combined approach’ and might be of interest in the elaboration of the IR.

Background

Decision VII/19D sets out the Terms of Reference for the elaboration of the International Regime for Access and Benefit-sharing (IR) and specifies, *inter alia*, that:

- the scope of the IR would include “traditional knowledge, innovations and practices in accordance with Article 8(j),”³ and
- elements to be considered for inclusion in the IR include “recognition and protection of the rights of indigenous and local communities over their traditional knowledge associated to genetic resources subject to the national legislation of the countries where these communities are located.”⁴

From these elements, a number of implications would seem to follow for the process of elaborating TK protection in the context of the IR, which are taken into account in this paper. These include that:

* The views expressed in this paper are exclusively those of the author and do not necessarily reflect the views of the World Intellectual Property Organization, its Secretariat or its Member States.

¹ See COP Decision VII/19D, Annex, paragraph (d), Element (xv)

² CBD COP Decision VI/10A, para. 33.

³ Decision VII/19D, Annex, paragraph (c)(ii)

⁴ Decision VII/19D, Annex, paragraph (d), Element (xv)

III. Specific Issues for consideration in the elaboration of the IR:
New forms of *Sui Generis* Protection relevant for the IR

- direct and effective participation of indigenous and local communities is indispensable for the development of adequate forms of TK protection;
- the international regime would need to take into account numerous *sui generis* TK laws which already exist at the national and regional levels;⁵
- for TK protection under the IR to function effectively, there should be international comunity with other legal instruments and systems (such as the farmers' rights provisions under the ITPGR, existing IP systems, indigenous rights instruments, etc); and
- given the concerns which TK holders have expressed towards the use of existing intellectual property rights for TK protection, an approach which is broader than a regime strictly based on private property rights would probably be most adequate in the context of the IR.

The next section sets out possibilities for developing such broader protection beyond exclusive property rights. It begins the development of such options with the concerns and priorities that have been expressed by TK holders.

Needs and Concerns to be Addressed

During a decade of international discussions on TK policy, indigenous and local communities have consistently articulated at least four main concerns which lead to a demand for legal protection:

- preventing the misappropriation of TK through illegitimate third party IP rights;
- application of prior informed consent principles;
- equitable benefit-sharing; and
- respect for the cultural and spiritual values of TK, including customary laws and understandings.

While there are numerous other concerns expressed by TK holders, these are four persistent themes that have marked the demand for legal protection. As regards the form of protection itself, the discussions have distinguished between two types of TK protection:

- defensive protection: which refers to the safeguarding against illegitimate third party IP rights over TK; and
- positive protection: which refers to the protection of TK through the recognition of rights in TK.

⁵ Examples include the *sui generis* laws and measures for TK protection developed by the African Union, China, Costa Rica, India, Peru, the Philippines, Portugal, Thailand, and the United States of America. A comparative analysis of these laws and measures is included in document WIPO/GRTKF/IC/5/INF/4.

A Combined Approach to TK Protection

In Decision VI/10A, the COP recommended that the most holistic and comprehensive way of meeting these multiple concerns of TK holders was:

based on *a combination of appropriate approaches*... including the use of existing intellectual property mechanisms, sui generis systems, customary law, the use of contractual arrangements, registers of traditional knowledge, and guidelines and codes of practice.⁶

In fact, a comparative analysis shows that most existing *sui generis* laws already use a combination of legal and conceptual tools for TK protection. In a comparative analysis of ten sui generis laws and measures, which are already in force in most countries (available as WIPO/GRTKF/IC/5/INF/4),⁷ I found that the majority of laws rely on various combinations of five basic policy tools. These five approaches could also serve as possible policy tools for the international development of TK protection which meets the diverse needs of TK holders:

- unfair competition law;
- PIC principles and mutually agreed terms (ABS mechanisms);
- compensatory liability rules;
- references to customary laws and understandings of TK holders during the application of all the afore-mentioned tools; and
- optional use of property rights, if and when chosen by TK holders and subject to national law and policy.

Through a selective and coherent combination of these legal tools a customized form of protection could be constructed which could seek to provide: improved defensive protection; appropriate application of prior informed consent principles; improved benefit-sharing for industrial and commercial uses of TK which are undertaken with gainful intent; and a sensitivity towards customary laws and understandings of TK holders.

The next part of the paper describes each of the legal and policy tools and indicates how they relate to the concerns to TK holders, the Terms of Reference for the IR negotiations, and existing national and international legal systems.

Possible Policy Tools for a Combined Approach

The five tools mentioned above can be used in any combination. They are not mutually exclusive, nor are they necessarily mutually dependent. For example, the sui generis measure of Brazil combines ABS mechanisms with the grant of exclusive rights; the laws of Costa Rica and Portugal combine ABS models, exclusive rights and unfair competition law; Peru uses ABS elements, unfair competition law and recognition of customary laws; the USA uses unfair competition law and exclusive rights. On the other hand, some countries use only a single policy tool for their TK policy, such as China (exclusive property rights), India (ABS mechanisms), and Thailand (exclusive rights).

⁶ CBD COP Decision VI/10A, para. 33.

⁷ These were the sui generis laws and measures of the African Union, Brazil, China, Costa Rica, India, Peru, the Philippines, Portugal, Thailand, and the United States of America.

It is important to recognize that these are conceptual distinctions, which do not necessarily coincide with operational imperatives. This means that if several tools are used in a law, it does not imply that there are multiple protection systems in that jurisdiction, or that the single system is necessarily very complicated. Rather it means that the legislation is truly customized (*sui generis*) and combines different conceptual components in its construction of a singular operational system. For example, in the Peruvian Law or the African Model Law, multiple conceptual tools may be employed in a single provision setting out combined forms of protection.⁸

Repression of unfair competition

Several existing *sui generis* laws employ elements of unfair competition law to protect TK. For example, the Peruvian *sui generis* law has taken elements of repression of unfair competition and applied them to TK. In fact, the drafters of this law reported that “the so-called general clause used in the repression of unfair competition inspired the scope of protection granted by this Law”.⁹ The Portuguese Law creates a link between *sui generis* frameworks for TK and unfair competition law, including the registration of geographical indications and appellations of origin.¹⁰ The Indian Arts and Crafts Act of the USA applies a truth-in-advertising approach to the marketing of indigenous craft products.¹¹ Additionally, surveys have shown that numerous countries use their conventional unfair competition laws to protect TK (eg., Hungary, Peru, Portugal and the Republic of Korea).

While the repression of unfair competition has been recognized, since 1900, as an object of industrial property protection under the Paris Convention¹², it does not grant exclusive rights over intangible property to the right holder. Unfair competition law is potentially broad in scope, and has been used in international instruments as a basis for protection of layout designs of integrated circuit, geographical indications, undisclosed information, and phonograms.

ABS models (PIC and mutually agreed terms)

Many *sui generis* TK protection measures form part of national access legislation for genetic resources and therefore apply ABS mechanisms (i.e., PIC and mutually agreed terms) to traditional knowledge. Examples include the *sui generis* laws of the African Union, Brazil, Costa Rica, India, etc. This reflects a tendency in national access laws to apply the spirit of Article 15 CBD to TK, which implies that TK held by a community should not be accessed, recorded, used or commercialized without the PIC of the TK holder.¹³ Detailed guidance on

⁸ See Title VII, Law No. 27811 of Peru and Art.16, African Model Legislation.

⁹ Peru (WIPO/GRTKF/IC/5/INF/6, Annex V, para. 49).

¹⁰ The sixth preambular paragraph of the Portuguese GRTK Law states that « The description of this material [i.e., genetic resources and associated TK], the identity of which shall be defined in *sui generis* terms ..., further reinforces the grounds for formulating processes with which to protect appellations of origin and geographical indications and affords some kind of protection against any misappropriation of the material. »

¹¹ See, for example, the Indian Arts and Crafts Act of 1990 of the United States of America.

¹² See Art.1(2) and Art.10*bis*, Paris Convention.

¹³ See WIPO/GRTKF/IC/6/INF/4, para.4(a)

the Elements and Basic Principles of PIC systems, including their application to TK are contained in the Bonn Guidelines.

Compensatory liability

One further option are compensatory liability rules that grant a 'right to compensation' for commercial follow-on uses, but not a right to prevent such follow-on uses.¹⁴ Such proposals entail an entitlement to compensation, but no right to block TK from further use. Such a rule is a "use now, pay later" system, according to which the use of TK is allowed without the authorization of the right holders, but an ex-post compensation is required for industrial and commercial uses (of a certain time period) if the TK provides a technology-based advantage to the user. The Peruvian *sui generis* law already utilizes similar rules to reward conservation and development costs invested by the communities in certain TK elements, without endowing exclusive property rights to control such uses.¹⁵ It combines the equitable reallocation of benefits without constraining open access to know-how.

Exclusive property rights

Exclusive property rights in protectable elements of TK can be made available through (i) conventional forms of IP rights; (ii) amended forms of existing IP rights; or (iii) new *sui generis* rights which are tailored to suit the characteristics of TK subject matter and the interests of TK holders. This is the mechanism most associated with IP policy and legislation, and is common to most forms of IP protection, although other mechanisms (moral rights, rights to equitable remuneration or other compensation) are also part of the broader architecture of the IP system.

Customary laws and protocols

With each of these possible policy tools special attention must be given to the recognition of customary laws and protocols, which functions as a cross-cutting interface with local legal systems in all the above-mentioned tools. A number of existing *sui generis* systems utilize references to customary laws and protocols as an alternative or as a supplement to the creation of modern IP rights over TK. The substantive use of customary laws ranges from obtaining Prior Informed Consent for access to TK "in accordance with customary laws" (Philippines), over the settlement of disputes arising among indigenous peoples in the implementation of TK protection (Peru), to the identification, interpretation and ascertaining of "community, knowledge or technology... under their customary...law" (African Model Law).

Based on existing *sui generis* frameworks for TK protection, this part of the present paper reviewed various policy tools which could potentially form elements for a combined approach to TK protection, as recommended by the COP. The final part offers possibilities of how these different elements could be integrated and coherently applied in a combined approach.

¹⁴ See, Reichman, J., 2000. *Of Green Tulips and Legal Kudzu: Repackaging Rights in Subpatentable Innovation*. *Vanderbilt Law Review*, Vol. 53, no. 6, p 1743.

¹⁵ See Peruvian Law No. 27811 of August 10, 2002.

Integrating the Tools: Unfair Competition Law and the Misappropriation Doctrine

One possibility for combining these policy tools in a coherent framework could be to use unfair competition law for integrating them. Unfair competition law protects the outcomes of a person's intellectual activity not by creating a private property title over the knowledge, but by defining acts of unfair competition which are prohibited in relation to those outcomes. History has shown how lists of prohibited unfair acts can be expanded over time to suit new circumstances and new needs of the knowledge holders. Unfair competition law is thus a flexible and fertile ground for the creation of *sui generis* protection for new types of subject matter, such as layout designs of integrated circuits, confidential information and test data, etc. This can be clearly seen in the progression from the Paris Convention (1967) to the TRIPS Agreement (1994), where unfair competition principles were extended towards the protection of undisclosed information, geographical indications, etc.

This flexibility of unfair competition law derived *inter alia* from the manner in which the Paris Convention (1967) sets out international standards of unfair competition law. Article 10*bis* Paris proceeds in three steps in establishing key features of unfair competition law:

- first, it establishes a basic norm to suppress acts of unfair competition;
- second, it defines "acts of unfair competition" in a non-exhaustive, general way: for example, under Article 10*bis* Paris an 'act of unfair competition' is defined as any act "contrary to honest practices in industrial or commercial matters." In this context, the meaning of "honest practices" is left to national interpretation and thus leaves flexibility in this branch of the law; and
- third, the Convention lists particular 'acts of unfair competition' which shall be prohibited: for example, under Article 10*bis* Paris such particular acts include creating confusion on the marketplace, false allegations to discredit a competitor, indications which are liable to mislead the public on certain aspects of traded goods, etc. Over time these lists have been expanded to suit new circumstances and new needs of the knowledge holders.

This three-step structure might be useful in creating a coherent framework for the "combined approach to TK protection" outlined above. The remaining part of this paper illustrates this utility by describing possible adaptation of the three-step structure to accommodate a combined approach of TK protection.

In particular, within unfair competition law there is an established doctrine, the so-called "Misappropriation Doctrine," which might lend itself to being adapted to the concerns of TK holders. If the Misappropriation Doctrine were to be adapted, it would be necessary to distinguish between the use of the term "misappropriation" in its precise, technical meaning under the Doctrine ("Misappropriation") and the term's broader, common-day usage in the TK debates ("misappropriation").

Broadly speaking, the term "misappropriation" has been used in the TK debates to refer to the acquisition or use of TK which does not take account of the "main concerns of TK holders" listed above (i.e., illicit third party IP rights over TK; access to TK without PIC; commercial use of TK without benefit-sharing; violation of customary laws and understandings), and which are therefore in violation of the policy tools that were integrated into the combined approach to address those main concerns (i.e., defensive protection; application of PIC

principles; compensatory liability and ABS mechanisms; recognition of customary laws and protocols).

Building on a structure analogous to Article 10*bis* Paris, unfair competition law could serve as a framework for integrating references to the various policy tools, by defining “Misappropriation” as “any act of acquisition or appropriation of TK by unfair means”, and by leaving the meaning of “unfair means” open to include violation of those policy tools combined under the combined approach to TK protection. Such an approach uses the flexibility of unfair competition law to implement the “combined approach” to TK protection. It does so by adapting the term “unfair means” to the TK-context (as part of the definition of “Misappropriation”). In this context the meaning of “unfair means” is extended to include the violation of any or all the policy tools chosen in the relevant national legislation and contained in the “combined approach to TK protection.”

Proposals to use unfair competition law as a tool for TK protection have been proposed by China, the EC, GRULAC, Japan, the South Asian Association for Regional Cooperation (SAARC), the Southern African Development Community (SADC) and the United States of America; by other intergovernmental organizations, such as UNCTAD and the Commonwealth Secretariat;¹⁶ and by policy analysts such as ICTSD and the South Centre.¹⁷ Given this broad support, a set of draft provisions, containing ‘policy objectives and core principles for TK protection’ which implement such a combined approach, have been issued by WIPO last month (see Annex 1, document WIPO/GRTKF/IC/7/5).

Using unfair competition law this way might make it possible to combine these legal and policy tools in such a manner that:

- misappropriation of TK is repressed as an act of unfair competition;
- equitable distribution of benefits arising from commercial or industrial uses of TK is fully ensured through multiple mechanisms (including compensatory liability as well as ABS models, based on PIC and MAT);
- prior informed consent is applied to TK in harmony with existing legal systems at national and international levels;
- TK holders retain full involvement and control in TK protection procedures;
- full flexibility is retained for national authorities to give effect to the regime in a manner compatible with their own legal systems, national policies and stakeholder needs;
- there is no prejudice to the application and availability of existing IP rights in the field of TK (for example, in 2001 China granted more than 3000 patents for Traditional Chinese Medicine inventions);

¹⁶ See Report of the *UNCTAD/Commonwealth Secretariat Workshop on Elements of National Sui Generis Systems* (February 4 – 6, 2004): page 13 (“Tort of Misappropriation”). See also page 25, proposing an international protocol to prevent misappropriation.

¹⁷ For example, the suggestion that a misappropriation regime should incorporate the law of unfair competition is suggested by Dutfield, G., 2002. *Protecting Traditional Knowledge and Folklore: A review of progress in diplomacy and policy formulation*. UNCTAD/ICTSD Capacity Building Project on Intellectual Property Rights and Sustainable Development: see chapter on ‘Misappropriation regime’ (page 30).

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- defensive and positive protection of TK are fully integrated;
- registration of TK in databases is not required (but possible if so decided by the TK holders);
- national authorities may nationally grant private property rights (*sui generis*) for TK, according to their own legal systems and national policies and stakeholder needs;
- the protection is *sui generis*, but consistent with existing IP principles and other relevant legal doctrines; and
- existing national and regional TK laws would be consistent with such an international regime.