READING THE ISSUES OF INTELLECTUAL PROPERTY IN INTERNATIONAL ECONOMIC LAW

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Abstract

Concerns have been expressed about the rising frequency with which investment disputes involving intellectual property (IP) rights are being addressed via international investment arbitration under international investment agreements. Some have observed that the International Investment Agreements (IIAs) have widened the scope of intellectual property protection by adding additional criteria of treatment or protection. Other commentators have focused on the divergence or convergence of IP laws under various international treaties, the interaction between international (investment) law responsibilities and national law regulation, or the history of IP-investment litigations. Based on the existing literature and case law, this article provides a technical analysis of the intersection of international investment and international intellectual property in the context of dispute resolution. This article argues that, for practical reasons, deeper integration between the two regimes at the level of conflict resolution is not desirable. At the global level, IP law and governance are very disjointed and distributed across several bodies. This is mirrored in the fact that states cannot seem to agree on several IP-related problems. IP litigation in the context of investment disputes contributes to this fragmentation rather than reducing it, and it seems to be an effort to excessively sidestep the debates on IP problems taking place in intergovernmental fora.

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INTRODUCTION

The protection of intellectual property ("IP") has long been a central tenet of economic regulation at the global level. The 1883 Paris Convention for the Protection of Industrial Property and the 1886 Berne Convention for the Protection of Literary and Artistic Works may be considered the earliest multilateral accords in international economic regulation. The underlying motivation for its acceptance was the purported necessity to guarantee foreign trade and investment interests and to protect local markets from international counterfeiting and piracy.[1] Evidenced even at the regulatory level, the close connection between IP, international trade, and international investments is undeniable. Economists are divided about which nature of the debate this connection falls on (positive or negative).[2] Yet, this connection seems to have been steadfastly forged by international law. The General Agreement on Tariffs and Trade of 1947 ("GATT 1947") included reference to intellectual property. According to Article XX (d) of GATT 1947, Contracting Parties may have adopted measures inconsistent with the General Agreement "*necessary to secure compliance with laws or regulations which [were] not inconsistent with the provisions of [the]*

1 Thomas Cottier & Marina Foltea, 'Global Governance in Intellectual Property Protection: Does the Decision-Making Forum Matter? NCCR Trade Working Paper No. 2011/45' (*World Trade Institute*, 5 July 2011) <https://www.wti.org/research/publications/253/global-governance-in-intellectual-property-protection-does-the-decision-making-forum-matter/> accessed 30 December 2022.

2 Carlos Primo Braga & Cartsen Fink, 'The Relationship between Intellectual Property Rights and Foreign Direct Investment' (1998) 9 Duke J. Comp. & Int. L. 163; Keith Maskus, 'The Role of Intellectual Property Rights in Encouraging Foreign Direct Investment and Technology Transfer' (1998) 9 Duke J. Comp. & Int. L. 109.

Agreement, including those relating to … the protection of patents, trade marks and copyrights."[3] It was widely agreed upon before the subsequent ratification of the Agreement on Trade-Related Intellectual Property Rights ("TRIPS Agreement")[4] that IP rights should be taken into account in international economic law and policy. Some argue that the Agreement places intellectual property rights for the first time in a social framework by obligating WTO members to grant a minimum degree of protection[5] and enforcement of IP rights.[6] If the TRIPS Agreement does indeed further entrench IP at the heart of economic governance, then it is also true that bilateral investment treaties ("BITs") had been protecting IP as "investments" even before the passage of the Agreement. When discussing economics, intellectual property is often considered as investments in real investment and new product development.[7] Property rights, patents, and technical information were already protected investments in Article 8 of the 1959 Germany-Pakistan BIT,[8] often recognised as the first BIT to be negotiated.[9] Article VIII of the United States–Italy Treaty of Amity, Commerce, and Navigation ("FCN Treaties") from 1948[10] provides

3 Art. XX (General Exceptions) of the *General Agreement on Tariffs and Trade,* 61 Stat. A-11, 55 U.N.T.S. 194 (GATT 1947), 30 October 1947.

4 Agreement on Trade-Related Intellectual Property Rights, Marrakesh (15 April 1994).

5 Peter Van & Werner Zdouc, The Law and Policy of the World Trade Organization: Text, Cases, and Materials (Cambridge University Press 2021) 952.

6 Pascal Lamy, 'Trade-Related Aspects of Intellectual Property Rights - Ten Years Later' (2004) 38 J. World Trade 923.

7 World Intellectual Property Organization, 'Intellectual Property as an Investment' (WIPO 2020) <https://www.wipo.int/edocs/pubdocs/en/wipo_pub_450_2020.pdf> accessed 30 December 2022.

8 Andrew Paul Newcombe & Lluís Paradell, *Law and Practice of Investment Treaties: Standards of Treatment* (Wolters Kluwer Law & Business 2009) 42.

9 Treaty for the Promotion and Protection of Investments Between the Federal republic of Germany and Pakistan, Bonn, 25 November 1959.

10 Simon Klopschinski, Christopher S Gibson & Henning Grosse Ruse-Khan, *The Protection of Intellectual Property Rights under International Investment Law* (Oxford University Press 2021) 87.

evidence that the relationship between investment and intellectual property predates the current BIT system.[11]

Several concerns have been raised considering the growing number of investment disputes involving IP rights, and the increasing likelihood that these disputes will be resolved through international investment arbitration pursuant to international investment agreements ("IIAs"). It has been noted by some that IIAs have expanded the area in which intellectual property is protected by imposing new standards of treatment or protection on top of those already in place.[12] Other commentators have zeroed in on the evolution of IP-investment litigations or the relationship between international (investment) law duties and national law regulation,[13] or the differences and similarities between IP regulations[14] under different international accords.[15] This article takes a technical look at the integration of international investment and international intellectual property at the dispute resolution level, based on the available literature and case law. Several technical considerations, it is suggested, can lead to a different result

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11 Art. VIII of the Treaty of Friendship, Commerce and Navigation Between the United States of America and the Italian Republic, Rome (2 February 1948).

12 Bryan Mercurio, 'Awakening the Sleeping Giant: Intellectual Property Rights in International Investment Agreements' (2013) 15 J. Int. Econ. L. 871; Lahra Liberti, 'Intellectual Property Rights in International Investment Agreements: OECD Working Papers on International Investment 2010/01' (*OECD Publishing*, 2010) <https://www.oecd.org/daf/inv/investment-policy/WP-2010_1.pdf> accessed 30 December 2022.

13 C. Correa & J. E. Viñuales, 'Intellectual Property Rights as Protected Investments: How Open Are the Gates?', (2016) J. Int. Econ. L. 91; T. S. L. Voon, A. D. Mitchell & J. Munro, *Intellectual Property Rights in International Investment Agreements: Striving for Coherence in National and International Law*, in *International Economic Law After the Crisis: A Tale of Fragmented Disciplines* (C. L. Lim & B. Mercurio eds, UK: Cambridge University Press 2015).

14 H. G. Ruse-Khan, 'Protecting Intellectual Property Under BITs, FTAs and TRIPS: Conflicting Regimes or Mutual Coherence?', in *Evolution in Investment Treaty Law and Arbitration* (K. Miles & C. Brown eds, UK: Cambridge University Press 2011).

15 H. G. Ruse-Khan, *Litigating Intellectual Property Rights in Investor-State Arbitration: From Plain-Packaging to Patent Revocation*, Fourth Biennial Global Conference of the Society of International Economic Law (SIEL) Working Paper No. 2014-21.

than the fuller integration desired by certain scholars.[16] To this purpose, it is important to note at the start that, for the sake of convenience, IP will be considered as a whole, even if IP rights should be differentiated according to their rationale, goal, and regulation. In this article, IP is discussed in relation to international law in Section 2. There will be a regulation of the complexities of international IP disputes and the international frameworks that govern intellectual property. In Section 3, we will discuss the relationship between IP and international investment arbitration. Finally, Section 4 examines the connection between investments and IP disputes by analysing similar international IP disputes. Possible future developments will be discussed to conclude the discussion.

IP REGIME IN INTERNATIONAL LAW

The state and fragmentation of international IP regulation should not be misled by the expanding number of bilateral and multilateral agreements touching upon IP in one way or another. To begin, it should be noted that the concept of "intellectual property" may not refer to the same "subject matter" in various jurisdictions.[17] The responses to the concerns of whether intellectual property includes just artistic and literary works or also industrial property and the precise extent of protection of certain IP rights may vary greatly depending on the nation under consideration.[18] As was mentioned previously, according to the territorial concept of IP rights, a given IP right is only effective inside the borders of the State or system that issued the grant. What this also implies is that the same intangible subject matter may be protected by many, distinct territorial rights with national or

16 VS Vadi, 'Trade Mark Protection, Public Health and International Investment Law: Strains and Paradoxes' (2009) 20 Eur. J. of Int. L. 773.

17 D. Moura Vicente, *La Propriété Intellectuelle en Droit International Privé* 17–18 (Académie de Droit International de la Haye 2009).

18 Ibid.

regional character.[19] This does not rule out the possibility that the same piece of intangible content is legally protected in one nation but available to the public in another.[20] This is still the case even with the protection of the TRIPS Agreement, which, as was indicated above, provides very minimal rights for intellectual property. The TRIPS Agreement is a significant milestone on the road to establishing uniform rules for intellectual property regulation on an international scale. While the establishment of the WTO and the passage of the TRIPS Agreement are often cited as the two most important catalysts for international "institutional competition" in IP international activities, the two are often considered to be inseparable.[21] Even before the implementation of the TRIPS Agreement, it is hard to substantiate the idea that IP has been the monopoly of one international forum alone. Thus, contrary to some views,[22] a major shift in IP regulation-making has occurred after the implementation of the TRIPS Agreement. In contrast, international IP governance has perpetually been a disorganised mess. This may be because problems about intellectual property protection are delicate and because of the differences across nations.

When it comes to IP issues, the United Nations ("UN") turns to the World Intellectual Property Organization ("WIPO"). Although WIPO officially began operations with the 1967 entry into effect of the Convention Establishing the World Intellectual Property

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19 A. Peukert, 'Territoriality and Extraterritoriality in Intellectual Property Law', in *Beyond Territoriality: Transnational Legal Authority in an Age of Globalization*, Queen Mary Studies in International Law 189 (G. Handl, J. Zekoll & P. Zumbansen eds, Leiden/Boston: Brill Academic Publishing 2012).

20 Ibid.

21 A. Wechsler, *WIPO and the Public-Private Web of Global Intellectual Property Governance*, in *European Yearbook of International Economic Law 2013*, 417 (C. Herrmann, M. Krajewski & J. P. Terhechte eds, Heidelberg/New York/Dordrecht/London: Springer 2013).

22 L. R. Helfer, 'Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking', (2006) 29 Yale J. Int. L. 5.

Organization, it has existed in some form since at least the 1950s. It originated with the unification of the secretariats of the Paris and Berne treaties, creating the United International Bureaux for the Protection of Intellectual Property ("BIRPI").[23] It is possible that WIPO still plays a pivotal role in shaping the international trajectory of intellectual property, even if many now believe that trade agreements are the best method to increase IP rights protection.[24] The goals and function of the World Intellectual Property Organization are outside the scope of this piece. However, these few words show that IP international governance is and always has been a match with many participants. To be sure, in 1952 a Universal Copyright Convention ("UCC") was established under the aegis of the United Nations Educational, Scientific, and Cultural Organization ("UNESCO").[25] However, this Convention is not the limit of UNESCO's ideas and operations on IP concerns.[26] Regulation of IP has also benefited from the efforts of other international bodies. Scholars have noted that the Rome Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations[27] is the product of three lines of thought, one of which originated in the International Labour Organization's International Labour Office ("ILO").[28] Thus, although

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23 World Intellectual Property Organization, 'WIPO Intellectual Property Handbook' (*World Intellectual Property Organization*, 2008) <https://www.wipo.int/edocs/pubdocs/en/intproperty/489/wipo_pub_489.pdf> accessed 30 December 2022 at 4.

24 James Boyle, 'A Manifesto on WIPO and the Future of Intellectual Property' (2004) 3 Duke L. & Tech. Rev. 1.

25 Universal Copyright Convention, Geneva, no. 2937 of the United Nations Treaties Series (6 Sep. 1952).

26 Convention on the Protection and Promotion of the Diversity of Cultural Expressions – Operational Guidelines on Article 7 Measures to Promote Cultural Expressions, approved by the Conference of Parties at its second session (Paris, 15–16 June 2009), third session (Paris, 14–15 June 2011), fourth session (Paris, 11–13 June 2013), and fifth session (Paris, 10–12 June 2015); Art. 3 (Relationship to other international instruments) of the Convention for the Safeguarding of the Intangible Cultural Heritage, Paris (17 October 2003).

27 Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Rome (26 October 1961).

28 M. Ogawa, *Protection of Broadcasters' Rights* 32 (Leiden/Boston: Martinus Nijhoff 2006).

the WTO's entry into the international IP arena has undoubtedly resulted in some additional substantive discipline and more fragmentation of the international IP environment, none of these developments has been particularly novel. This is true even if we ignore the bilateral nature of IP clauses in FCN accords, BITs, and FTAs.

The fact that there are so many places where negotiations might take place demonstrates how difficult it is to establish uniform rules for international IP regulation. However, the polyphonic piece I just described only gives a partial perspective. There are now differences of opinion even within the same forum. For instance, the definition of geographical indicators ("GI") in Article 22 of the TRIPS Agreement extends upon the idea of appellation of origin established in Article 2 of the 1958 Lisbon Agreement.[29] On the contrary, GIs are a very divisive IP right,[30] as seen by the WTO disputes between the European Communities and Australia and the United States of America in the year.[31] European and North American interests were strongly opposed to the GIs discipline during TRIPS negotiations.[32] The Agreement's language on GIs seems to have been carefully written but is not always explicit, in contrast to the discipline of other IP rights, which appears to be significantly weighted in favour of IP rights owners.[33] It may be

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29 J. Keon, 'Intellectual Property Rules for Trademarks and Geographical Indications: Important Parts of the New World Trade Order', in *Intellectual Property and International Trade: The TRIPS Agreement*, 158 (C. M. Correa & A. A. Yusuf eds, The Netherlands: Kluwer Law International 2008); O'Connor and Co., *Geographical Indications and TRIPS: 10 Years Later … A Roadmap for EU GIs Holders to Get Protection in Other WTO Members*, 6–7.

30 European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, WT/DS290/R, Panel Report, adopted on 20 April 2005; European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, WT/DS174/R, Panel Report, adopted on 20 April 2005.

31 M. Handler, 'The WTO Geographical Indications Dispute', (2006) 69 Modern L. Rev. 70.

32 J. Keon, 'Intellectual Property Rules for Trademarks and Geographical Indications: Important Parts of the New World Trade Order', in *Intellectual Property and International Trade: The TRIPS Agreement*, 158 (C. M. Correa & A. A. Yusuf eds, The Netherlands: Kluwer Law International 2008).

33 Ibid.

added that the Appellate Body ("AB") and WTO tribunals have not always done a good job of clarifying TRIPS' murky clauses. Some concerns have been voiced about the WTO's interpretation of the TRIPS clauses on enforcement.[34] In reality, the application and enforcement of IP rights are among the most delicate IP problems that need more clarification. Anti-Counterfeiting Trade Agreement ("ACTA") was negotiated in reaction to dissatisfaction among key trade and IP stakeholders with relation to norm-setting and monitoring of IP enforcement at the WTO and WIPO,[35] and the belief that TRIPS was not an adequate response to counterfeiting and piracy.[36] In turn, this Agreement has been very contentious, maybe even more so than the actual discussion of IP enforcement problems in the TRIPS Council of the WTO. Labelling these differences as North-South divides is problematic. While the transatlantic region may share certain goals and approaches, it is difficult to speak about a shared IP strategy. However, poor and least-developed nations do not seem to have the same approach to IP regulation, and they pursue distinct international goals, despite some initiatives to the contrary.[37] This might be an indication of widespread scepticism and a dearth of hard data about the effectiveness of IP protection in fostering innovation and economic progress.[38] It might also be a true difference in perspective or aim, which would explain the situation better than any of the other possibilities taken alone or in combination.

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34 J. Mendenhall, 'WTO Panel Report on Consistency of Chinese Intellectual Property Standards', (2009) 13 ASIL Insights 1.

35 EU Parliament, *The Anti-Counterfeiting Trade Agreement (ACTA): An Assessment*, 8 Directorate-General for External Policies (2011).

36 R. Meléndez-Ortiz, *Foreword*, in *The ACTA and the Plurilateral Enforcement Agenda – Genesis and the Aftermath* xiii (P. Roffe & X. Seuba eds, US: Cambridge University Press 2015).

37 Henrique Zeferino de Menezes, 'South-South Collaboration for an Intellectual Property Rights Flexibilities Agenda' (2018) 40 Contexto Internacional 117.

38 Carlos Correa, 'Intellectual Property and Competition Law: Exploring Some Issues of Relevance to Developing Countries' (*ICTSD Programme on IPRs and Sustainable Development*, October 2007) <https://www.iprsonline.org/resources/docs/corea_Oct07.pdf> accessed 30 December 2022 at viii.

This disparity is also reflected in IP litigation on the national, regional, and international levels. Maybe some thoughts on IP harmonisation on a regional scale might shed some light on this. The EU's internal market relies in large part on the work achieved toward IP harmonisation, which has seen significant advancements in recent years. The European patent with unitary effect (or "unitary patent") is a relatively recent innovation,[39] coming after the Community industrial design (which provides unitary protection across the EU through a single procedure)[40] and the EU trademark (which provides the owner with an exclusive right in all EU countries.[41] In the end, reaching a consensus on the unitary patent was a challenging task. Nonetheless, the obstacles of litigating European patents (under the European Patent Convention ("EPC")) in front of national courts, with the actual potential of contradictory decisions across multiple jurisdictions, have ultimately overcome political reluctance. A European patent has the same consequences and is subject to the same requirement in each Contracting State[42] in which it is given as a national patent awarded by that State under the EPC, which creates a single system of law for the grant of patents for all its Contracting States.[43] Any one or more of the Contracting States may be asked to provide a European grant.[44] So, due to their territorial impact, European patents need litigation in national jurisdictions, raising the possibility of litigation in more than one country.[45]

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39 European Commission, 'Internal Market, Industry, Entrepreneurship and SMEs' (*European Commission*, 2022) <https://single-market-economy.ec.europa.eu/industry/strategy/intellectual-property/industrial-design-protection_en> accessed 29 December 2022.

40 Ibid.

41 Ibid.

42 Art. 1 (European Law for the Grant of Patents) of the *Convention on the Grant of European Patents*, 1065 U.N.T.S. 199 *(European Patent Convention)*, Munich, (5 October 1973).

43 Ibid, art 2 (European Patent).

44 Ibid, art 3 (Territorial Effect).

45 European Patent Office, 'European Patents Subject to Litigation in Multiple Jurisdictions: Supplementary Publication 2/2015 - Official Journal EPO' (*European Patent Office*, 20

Considerations like those above might be applied to other regional patent-issuing regimes, such as the African Regional Intellectual Property Organization ("ARIPO"). There are three possible conclusions to draw from this. To begin, it should be noted that the European Patent Office's ("EPO") Technical Board of Appeal ("TBA") and national courts may reach opposite conclusions in certain cases.[46] Second, when faced with patent (or intellectual patent) difficulties, international investment arbitration tribunals should likely give substantial weight to court interpretations of law made at the national level.[47] However, determining which judicial interpretation of regional patent law should be used and which rulings (in the instance of contradictory ones) should prevail remains a challenge for transnational patent awarding systems because patents may be litigated in various countries. In the end, a contentious Kenyan court ruling declaring that the national court could not consider an action to cancel an ARIPO patent demonstrates that even national courts have run into difficulties when dealing with IP rights awarded by regional IP systems.[48] Any reasonable person could feel uneasy considering these premises while discussing IP rights in international investment disputes.

There is a need for one more technical comment. If a state has given its lawful permission to an investment arbitration involving intellectual property rights, then any potential objection to the arbitrability of

March 2015) <https://www.epo.org/law-practice/legal-texts/official-journal/2015/etc/se2/p132.html> accessed 30 December 2022.

46 Darren Smyth, 'What Is Precedent and Does the EPO Have It' (*The IPKat*, 15 July 2014) <https://ipkitten.blogspot.com/2014/07/what-is-precedent-and-does-epo-have-it.html> accessed 30 December 2022.

47 K. Liddell & M. Waibel, 'Fair and Equitable Treatment and Judicial Patent Decisions' (2016) 19 Journal of International Economic Law 145.

48 World Intellectual Property Organization, 'IP Litigation in Africa' (*World Intellectual Property Organization*, February 2010) <https://www.wipo.int/wipo_magazine/en/2010/01/article_0006.html> accessed 29 December 2022.

intellectual property rights is effectively waived. It is important to note that the picture painted here is complicated by the fact that various legal systems have vastly diverse views on whether intellectual property disputes may be settled by arbitration. Since intellectual property rights like patents and trademarks are essentially public gifts from the state, private claims that include IP rights pose serious questions about the legitimacy of these rights.[49] As a result, several courts have indicated that private rulings, such as arbitration, on the validity of certain rights may not evade their jurisdiction.[50] It may be sufficient to note here that each legal system lists the topics which may be brought to arbitration without getting into depth on the subject of arbitrability,[51] which would be beyond the scope of this article. This is also validated by the rules of international law.

The UNCITRAL Model Law on International Commercial Arbitration from 1985 (as updated in 2006) makes clear that it does not supersede domestic laws on the subject of which disputes may be brought to arbitration.[52] Furthermore, the Model Law's Explanatory Note makes explicit that a court may consider the non-arbitrability of the subject matter of a dispute as one of the reasons to set aside an award.[53] A written arbitration agreement "concerning a subject matter capable of settlement by arbitration" is also recognised as valid by the Parties to the 1958 New York Convention on the Recognition and

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49 W. Grantham, 'The Arbitrability of International Intellectual Property Disputes' (1996) 14 Berkeley J. Int. L. 181.

50 Ibid.

51 *Arbitrability: International and Comparative Perspectives* (L. A. Mistelis & S. L. Brekoulakis ed., The Netherlands: Kluwer Law International 2009).

52 Art. 1(5) of the UNCITRAL Model Law on International Commercial Arbitration ,1985 UNICTRAL Yearbook 393 With Amendments as Adopted in 2006.

53 Explanatory Note by the UNCITRAL Secretariat on the 1985 Model Law on International Commercial Arbitration as Amended in 2006 para. 46 (Austria: United Nations Publication 2008).

Enforcement of Foreign Arbitral Awards ("New York Convention").[54] The recognition or enforcement of an award might be refused if a competent authority finds that the "subject matter of the difference is not capable of settlement by arbitration under the law of that country."[55] What emerges is a mosaic of arbitrability standards that vary widely from one legal system to the next. The growing use of arbitration as a method for settling intellectual property disputes has led some to argue that the question of arbitrability is now mostly theoretical and of little practical importance.[56] Naturally, certain countries like the United States and Switzerland, are very friendly to the arbitrability of IP disputes.[57] Despite this, it is conceivable to raise some reservations on the importance, or lack thereof, of this subject due to the ambiguity in countries like Germany or the exclusion or severe restriction of arbitrability of patent disputes in countries like Singapore and China.[58] This issue has also been extensively debated among academics from international countries. The grant or validity of IP rights is specifically excluded from arbitration in certain jurisdictions, although all other IP-related disputes seem to be included.[59] The potential for arbitration of competition law concerns and securities transaction disputes including IP rights,[60] however, may widen the argument and call for more subtlety.

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54 Art. II.1 of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 330 U.N.T.S. 3 (New York 1958).

55 Ibid at Art. V.2 (a).

56 World Intellectual Property Organization, 'WIPO Arbitration and Mediation Center' (*World Intellectual Property Organization* 2022) <https://www.wipo.int/amc/en/center/index.html> accessed 29 December 2022.

57 S. A. Certilman & J. Lutzker, Arbitrability of Intellectual Property Disputes, in Arbitration of International Intellectual Property Disputes, 88–96 (T. D. Halket ed., US: Juris Net, LLC 2012).

58 Ibid.

59 A. Redfern, M. Hunter, N. Blackaby & C. Partasides, *Law and Practice of International Commercial Arbitration* 139 (London: Sweet & Maxwell 2004).

60 Ibid at 139ff.

Amidst these specifics, it is important to keep in mind a few overarching principles. Generally speaking, the demands of national economies and social values inform the calibration of national IP regulations.[61] As a result, there may be many more interests affected by the conflict than the two parties involved. The outcome of such a dispute might have implications for a State or a regional/international awarding body, and it could also affect the rights of other parties (such as IP owners). Issues involving consumer protection and market, or competitive dynamics might also be of relevance. Because of these worries, the potential inclusion of IP rights in investment disputes does not simplify but rather further complicates the international regulation of IP. Further, international investment arbitration courts would have to deal with difficult, unsolved problems about IP governance that are best addressed in other forums. Any time intellectual investment (IP) rights are invoked in investment disputes, there is certain to be friction, regardless of the result of any arbitration proceedings that may be initiated. As a result, the results and declarations of arbitral tribunals in these disputes will not change the notion that increased integration between IP concerns and investment disputes is not desired.

IP LAW IN INTERNATIONAL INVESTMENT LAW AND ARBITRATION

Conflicts involving IP rights have arisen in a variety of investment disputes. It has been a lot easier to solve some of these issues than others. IP was not at the centre of the dispute in instances like *Apotex v. United States*,[62] *Joseph Charles Lemire v. Ukraine*,[63] *Generation Ukraine, Inc.*

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61 K. Liddell & M. Waibel, 'Fair and Equitable Treatment and Judicial Patent Decisions' (2016) 19 J. Int. Econ. L. 145.

62 Apotex Holdings Inc. and Apotex Inc. v. United States of America, ICSID Case No.ARB(AF)/12/1.

63 Joseph Charles Lemire v. Ukraine, ICSID Case No.ARB/06/18.

v. Ukraine,[64] *Grand River Enterprises Six Nations v. United States*,[65] and *MHS v. Malaysia*,[66] hence IP issues were only briefly addressed. However, certain investment disputes have included IP issues at their core such as *Philip Morris v. Uruguay*,[67] *Philip Morris Asia v. Australia*,[68] *Eli Lily v. Canada*,[69] *AHS v. Niger*,[70] and *Erbil Serter v. France*.[71]

In *Philip Morris v. Uruguay*, Philip Morris (i.e. a number of Philip Morris' companies) claimed in 2010 that an unfair limitation of the use of a legally protected trademark had been imposed following the enactment of certain measures on public health in Uruguay strictly regulating the packaging of cigarettes and cigarette products, and in particular the size of health warnings on cigarette packages.[72] Philip Morris claimed that because of Uruguay's commitments under the TRIPS Agreement and the Paris Convention, the country's actions should be considered unfair and inequitable.[73] Further, it was claimed that Uruguay's responsibilities to foreign investors including protection against expropriation, unfair treatment of foreign investors, and fair and equal treatment of foreign investors have been violated.[74] The Arbitral Tribunal found that no expropriation had occurred because the

64 Generation Ukraine, Inc. v. Ukraine, ICSID Case No.ARB/00/9.
65 Grand River Enterprises Six Nations, Ltd., et al. v. United States of America, NAFTA/UNCITRAL.
66 Malaysian Historical Salvors, SDN, BHD v. The Government of Malaysia, ICSID Case No.ARB/05/10.
67 Philip Morris Brands Sarl, Philip Morris Products SA and Abal Hermanos SA v. Oriental Republic of Uruguay, ICSID Case No.ARB/10/7.
68 Philip Morris Asia Limited v. The Commonwealth of Australia, UNCITRAL, PCA Case No.2012–12.
69 Eli Lilly and Company v. The Government of Canada, UNCITRAL, ICSID Case No.UNCT/14/2.
70 AHS Niger and Menzies Middle East and Africa S.A. v. Republic of Niger, ICSID Case No.ARB/11/11.
71 Erbil Serter v. French Republic, ICSID Case No.ARB/13/22.
72 Philip Morris Brands Sarl, Philip Morris Products SA and Abal Hermanos SA v. Oriental Republic of Uruguay- Request for Arbitration, ICSID Case No.ARB/10/7 (19 February 2010).
73 Ibid at 85–86.
74 Ibid at 77.

measures at issue had been taken within the scope of its police powers to protect public health,[75] and it reached this conclusion after unanimously deciding that it had jurisdiction over the claimants' claims to the extent that they were based on the Switzerland-Uruguay BIT.[76] In a similar vein, all of Philip Morris's other assertions were also found to be without merit.[77] However, the impact of this ruling on the pending Plain Packaging cases before the WTO remains to be seen.[78]

Similar concerns were raised in the *Philip Morris Asia v. Australia* case. Philip Morris Limited claims that it has the legal right to utilise Philip Morris tobacco's marks, designs, copyrighted works, know-how, and trade secrets and that these IP rights have resulted in significant goodwill.[79] The claimant contends that the Australian Tobacco Plain Packaging Bill of 2011 (which had not yet been enacted at the time of the Notice of Claim but had since received the Royal Assent and become law on 1 December 2011) and the GHW Regulation, which regulates every aspect of the appearance, size, and shape of tobacco products and packaging, will have a negative impact on its investment and thus violate the obligations set forth in the Australia-Hong Kong BIT.[80] Particularly, they argued that these measures would have barred Philip Morris from using IP on, or in relation to, tobacco products or packaging, rendering them indistinguishable to consumers from the

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75 Philip Morris Brands Sarl, Philip Morris Products SA and Abal Hermanos SA v. Oriental Republic of Uruguay, ICSID Case No.ARB/10/7, Decision on Jurisdiction at 236 (2 July 2013).

76 Philip Morris Brands Sarl, Philip Morris Products SA and Abal Hermanos SA v. Oriental Republic of Uruguay, ICSID Case No.ARB/10/7, Award, 8 Jul 2016, at 290–307.

77 Ibid at 590.

78 Luke Peterson, 'France Is Sued at ICSID by Turkish Investor in Relation to Ship Hull Design Controversy' (*Investment Arbitration Reporter*, 11 September 2013) <https://www.iareporter.com/articles/france-is-sued-at-icsid-by-turkish-investor-in-relation-to-ship-hull-design-controversy/> accessed 30 December 2022.

79 Philip Morris Asia Limited v. The Commonwealth of Australia, UNCITRAL, PCA Case No.2012-12, Notice of Claim (22 June 2011).

80 Ibid at 6.

products of competitors and thereby depriving it of IP and goodwill.[81] Additionally, these measures would have allegedly undermined the economic rationale of its investments and substantially destroyed the value of Philip Morris Australia and Philip Morris, thus amounting to expropriation.[82] Furthermore, Australia's obligations under the TRIPS Agreement and, in particular, Article 20, would be an unjustified encumbrance on the use of tobacco trademarks, which could not be used at all, and meant that Plain Packaging legislation would not have been fair and equitable.[83] Finally, these measures would have allegedly undermined the economic rationale of its investments and violated the full protection and security standard.[84] The arbitral panel, however, recently ruled that filing the treaty-based investment arbitration was an abuse of rights or process, making the claims inadmissible,[85] however, the legal approach used by Philip Morris and the grounds on which their claims were based remains significant. Investment arbitration has been used or threatened against plain packaging laws at least since 1994 when R. J. Reynolds Tobacco threatened Canada with arbitration under the North American Free Trade Agreement ("NAFTA") over the alleged infringement of IP rights.[86] Tobacco plain packaging rules were challenged in Australia before the High Court and the WTO at the same time.[87] In addition to adding to the obvious pressure on

81 Ibid at 10 (a).

82 Ibid

83 Ibid at 10 (b).

84 Ibid at 10 (c).

85 Philip Morris Asia Limited v. The Commonwealth of Australia, UNCITRAL, PCA Case No.2012-12, Award on Jurisdiction and Admissibility at 585ff, (17 December 2015).

86 Matthew Porterfield and Christopher Byrnes, 'Philip Morris v. Uruguay: Will Investor-State Arbitration Send Restrictions on Tobacco Marketing up in Smoke?' (*Investment Treaty News*, 12 July 2011) <https://www.iisd.org/itn/en/2011/07/12/philip-morris-v-uruguay-will-investor-state-arbitration-send-restrictions-on-tobacco-marketing-up-in-smoke/> accessed 30 December 2022.

87 Australian Government: Attorney General's Department, 'Tobacco Plain Packaging—Investor-State Arbitration' (*Australian Government: Attorney General's Department*, 1 December 2011) <https://www.ag.gov.au/international-relations/international-law/tobacco-plain-packaging-investor-state-arbitration> accessed 30 December 2022.

Australia to repeal the contested measures, the use of investment arbitration to litigate international IP issues appears to be a way to "subtract" IP questions from the dynamics and dialectic which pertain, regardless of the merits of the case(s), to WTO proceedings and national courts. True, many people see the TRIPS Agreement's Article 20 as a murky part of the deal. This provision's language, which initially states that "[t]he use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements,"[88] has been the subject of heated debates centring on whether the right to use a trademark is guaranteed by the TRIPS Agreement.[89] This matter requires clarification from the WTO and the TRIPS Council.

In a different vein, in *Eli Lilly v. Canada*, a US company argued that Canada had breached its NAFTA obligations to protect patent rights by invalidating its patents on the grounds that the subject matter protected by the patents was not "useful," in the application of the "promise utility doctrine" (or simply utility doctrine).[90] This invalidation would have amounted to an expropriation of Eli Lilly's IP rights, in breach of NAFTA Chapter 17 on IP and, therefore, NAFTA Article 1110 on expropriation, and would have been in violation of Canada's minimum level of treatment commitment under NAFTA Article 1105.[91] To buttress its position, Eli Lilly has also alleged that the TRIPS Agreement upholds the same usefulness criteria and anti-discrimination provision with respect to intellectual property as

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88 Art. 20 (Other Requirements), *Agreement on Trade-Related Intellectual Property Rights*, Marrakesh 1867 U.N.T.S. 154 (15 April 1994).

89 S. Frankel & D. J. Gervais, 'Plain Packaging and the Interpretation of the TRIPS Agreement' (2013) 46 Vanderbilt Journal of Transnational Law 1149–1214, at 1171ff. (2013); M. Davison, & P. Emerton, 'Rights, Privileges, Legitimate Interests, and Justifiability: Article 20 of the TRIPS and Plain Packaging of Tobacco' (2014) 29 American Uni. Int. L. 505–580, at 515ff.

90 Eli Lilly and Company v. The Government of Canada, UNCITRAL, ICSID Case No. UNCT/14/2, Notice of Arbitration at 4ff (12 September 2013).

91 Ibid.

NAFTA.[92] In addition, according to Eli Lilly, investors can seek patent protection in multiple countries with a single international patent application under the Patent Cooperation Treaty ("PCT"), and Contracting States are prohibited from imposing requirements different from or in addition to those of the Treaty on the form or content of international applications under Article 27(1).[93] According to Eli Lilly, a separate or extra component of the international application would be the disclosure of data or other information about the usefulness of the invention.[94] As Eli Lilly notes, the patent utility requirement is described in Canada's Manual of Patent Office Practices, which states that if an invention turns out to be completely useless, the grant of patent protection is groundless and the grant is void due to false suggestions, failure of consideration, and having tendency to hinder progress.[95] Here, it may be necessary to emphasise that the 'promise' is the guiding norm against which the usefulness of the invention as specified in the patent is evaluated, as indicated by the Canadian Federal Court of Appeal.[96] This implies that a *prima facie* demonstration of usefulness will suffice in cases where no express promise of a particular outcome has been made by the inventor, whereas in cases where an explicit promise has been made, the utility will be tested against that promise.[97] This judgement was given after Eli Lilly's arbitration had begun, but it sheds light on how the utility doctrine might be used to an inventor's advantage rather than to their detriment when their invention really merits protection.

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92 Ibid at 42.
93 Ibid at 44–45.
94 Ibid at 47.
95 Ibid at 8.
96 Sanofi-Aventis v. Apotex Inc., Federal Court of Appeal, 2013 FCA 186, A-7–12, at 47–49.
97 Ibid.

Intellectual investment rights have also been a major thorn in investment disputes. AHS Niger, a business created in Niger by MAG and MHS to fulfil the conditions of a contract they had successfully bid for, had engaged in an investment agreement with Niger in *AHS v. Niger*.[98] At the time the investment agreement was signed, AHS Niger had already secured a ten-year concession to provide airport and airport-related activity services.[99] From January 2010 forward, the Investment Agreement was unilaterally amended by instructions from certain members of the government, and AHS Niger had its assets (money, property, and machinery) taken without its consent.[100] The claimant initially challenged the government orders in a national court, where they were ultimately overturned. Subsequently, the claimant filed an arbitration claim with the International Centre for the Settlement of Investment Disputes ("ICSID"), asserting that Niger's termination of the Investment Agreement and withdrawal of the licence approval violated the Investment Agreement, Niger's Investment Code, and international law. AHS said that they suffered a monetary loss,[101] and moral injury due to the alleged violations of their intellectual property rights.[102] In particular, the claimant asserted that it had trademarks and trade names registered with the Organization for African Intellectual Property ("OAPI"), of which Niger is a member, but that the Cellule d'Assistance en Escale continued to use objects bearing the names and marks despite their cancellation.[103] The Arbitral Tribunal determined that it lacked the authority to investigate any

98 *AHS Niger and Menzies Middle East and Africa S.A. v. Republic of Niger*, ICSID Case No.ARB/11/11, Excerpts of the Award of 15 July 2013 made pursuant to rule 48(4) of the ICSID Arbitration Rules of (2003).

99 Ibid.

100 Ibid.

101 AHS Niger and Menzies Middle East and Africa S.A. v. Republic of Niger, ICSID Case No.ARB/11/11, Sentence, at 131ff.

102 Ibid at 146ff.

103 Ibid at 150.

trademark infringements under the Accord de Bangui, which gives trademark jurisdiction only to civil courts (Article 47, Annex III of the Accord de Bangui).[104] They further alleged that AHS Niger's use of their names and marks had damaged their image by misleading customers into thinking that they provided a poorer quality service.[105] The Tribunal considered it lacked the expertise to hear the claim for moral damages.[106]

In the meanwhile, new IP rights investment disputes have surfaced. For instance, a copyright issue involving a ship hull is at the centre of a current investment dispute.[107] A Turkish investor has initiated an ICSID Convention arbitration against France.[108] The arbitral tribunal will have to decide how to handle copyright concerns and what claims and arguments the investor will make.

IP DISPUTES AT THE WTO

Whether investment arbitral tribunals are the proper place for discussing and deciding problems involving intellectual property rights is a key question that emerges when such tribunals deal with IP rights. As so, it goes much beyond the present prevalent critique of the validity of investment tribunals.[109] It is relevant to consider whether investment arbitration is a suitable venue for discussing these intellectual property issues, notwithstanding the little case law on the subject. Parties that mutually agreed on investment arbitrators may be

104 Ibid at 152.
105 Ibid at 153.
106 Ibidat 155.
107 Luke Peterson (n 78).
108 Ibid.
109 K. P. Sauvant & F. Ortino, *Improving the International Investment Law and Policy Regime: Options for the Future*, Background Report Prepared for the Seminar on Improving the International Investment Regime, Helsinki, 10–11 April 2013; C. N. Brower, & S. W. Schill, 'Is Arbitration a Threat or a Boon to the Legitimacy of International Investment Law?' (2009) 9 Chicago J. Int. L. 472; S. D. Franck, 'The Legitimacy Crisis in Investment Treaty Arbitration: Privatizing Public International Law Through Inconsistent Decisions' (2005) 73 Fordham L. Rev. 1521.

seasoned specialists in international economic law who are also well-versed in the nuances of IP law and policy. However, the TRIPS Agreement was part of a larger deal in which developing nations accepted it in return for concessions on agricultural product subsidies, imports of tropical items, and the elimination of textile restrictions.[110] Some of the grey areas highlighted by the TRIPS regulations are part of a larger picture that can be better observed and evaluated at the WTO, whether via negotiations or dispute resolution. As a result, this viewpoint may be of relevance to the Plain Packaging instances before the WTO.[111]

Consequently, some additional comments on WTO disputes are in need, as these are the forums in which concerns originating in investment disputes are often addressed. The *US-Section 211 Appropriations Act* case at the WTO boiled down to an expropriation dispute, specifically regarding section 211 of the US Omnibus Appropriations Act dealing with trademarks, trade names, and commercial names which were the same as, or substantially like trademarks, trade names, and commercial names used in connection with businesses or assets that had been confiscated by the Cuban

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110 F. M. Abbott, 'The WTO TRIPS Agreement and Global Economic Development – The New Global Technology Regime' (1996) 72 Chicago-Kent L. Rev. 385–405 at 387ff.

111 Australia – Certain Measures Concerning Trademarks, Geographical Indications and other Plain Packaging Requirements Applicable to Tobacco Products and Packaging, WT/DS467/1, Request for Consultations by Indonesia (25 September 2013); Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging, WT/DS458/l, Request for Consultation by Cuba (3 May 2013); Australia – Certain Measures Concerning Trademarks, Geographical Indications and other Plain Packaging Requirements Applicable to Tobacco Products and Packaging, WT/DS441/1, Request for Consultations by Dominican Republic (23 July 2012); Australia – Certain Measures Concerning Trademarks, Geographical Indications and other Plain Packaging Requirements Applicable to Tobacco Products and Packaging, WT/DS435/16, Request for the Establishment of a Panel by Honduras (17 October 2012); Australia – Certain Measures Concerning Trademarks and other Plain Packaging Requirements Applicable to Tobacco Products and Packaging, WT/DS434/1, Request for Consultation by Ukraine (15 March 2012).

Government on or after 1 January 1959.[112] The European Community alleged that subsections 211(a)(1) and (2) and 211(b) were in conflict with several obligations imposed by the TRIPS Agreement.[113] The crux of the conflict was the United States' decision to override the French firm Pernod-Ricard S.A.'s trademark registration for the rum brand Havana Club. Trademarks and protection marks were seized by the Cuban government following the revolution and never returned. Under U.S. trade, however, such property is no longer protected.[114] This case sheds insight into the intricacies of the TRIPS Agreement and IP governance in general, much beyond the Appellate Body's findings. Given the rights raised, the AB felt it necessary to emphasise that its decision was not a judgement on confiscation as defined in section 211, but that the AB did have jurisdiction to rule on whether the confiscation of intellectual property rights in one territory violated the TRIPS Agreement in the territory of a WTO Member.[115] It has also been argued that this was only a business quarrel between the two parties involved.[116] Companies participating knew the IP rights at issue were contested because of claims on intangible property stolen by the Cuban government in the early 1960s. They had then pushed their own governments to take precautions against these dangers, turning the conflict from a business matter into an international one.[117] Several parties, not only the two private corporations at the centre of the

112 Panel Report, United States – Section 211 Omnibus Appropriations Act of 1998 ('US-Section 211 Appropriations Act'), WT/DS176/R, encircled on II.1 (6 August 2001).

113 Ibid at III.1.

114 Appellate Body Report, United States – Section 211 Omnibus Appropriations Act of 1998 ('US-Section 211 Appropriations Act'), WT/DS176/AB/R (adopted on 2 January 2002), at 4–8.

115 Ibid at [362–363].

116 F. M. Abbott, & T. Cottier, Dispute Prevention and Dispute Settlement in the Field of Intellectual Property Rights and Electronic Commerce, United States – Section 211 Omnibus Appropriations Act 1998 ('Havana Club'), in Dispute Prevention and Dispute Settlement in the Transatlantic Partnership – Case Studies, Analyses and Policy Recommendations (E. U. Petersmann, & M. Pollack eds, Oxford: OUP 2003).

117 Ibid.

dispute, stand to lose because of the Parties' views, which run counter to their long-term financial interests.[118] After weighing all these factors, the AB concluded that the WTO dispute resolution system was the best venue for discussing issues related to WTO agreements.[119]

Expropriation is another area where distinct international legal regimes (WTO and international investment law) intersect and overlap, and where there has been a great deal of controversy and conflict about compulsory licences under Article 31 of the TRIPS Agreement.[120] Additionally, this may be combined with a local or domestic content regulation, as occurred in the Brazil-Patent Protection case, which involved a local working requirement for patents to avoid a compulsory licence but was resolved amicably thanks to cooperation between Brazil and the United States.[121] Indeed, trade law and IIAs frequently address (or, rather, prevent) the imposition of specified percentages of local or domestic content standards, and they may even touch on IP rights.[122]

The WTO has not ruled out using diplomatic channels to resolve disputes. On the contrary, it is preferable to try to resolve a conflict via negotiation in the hopes of coming to terms that are acceptable to all parties.[123] To address at least some of the concerns mentioned and

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118 Ibid.

119 Appellate Body Report, United States – Section 211 Omnibus Appropriations Act of 1998 ('US-Section 211 Appropriations Act'), WT/DS176/AB/R (adopted on 2 January 2002), at 4–8.

120 C. Gibson, 'A Look at the Compulsory License in Investment Arbitration: The Case of Indirect Expropriation' (2010) 25 American Uni. Int. L. 357–422, at 419–422.

121 *Brazil – Measures Affecting Patent Protection ('Brazil-Patent Protection')*, WT/DS199/4, Notification of Mutually Agreed Solution, notified on 19 July 2001.

122 Annex (Illustrative List) to the *Agreement on Trade-Related Investment Measures* (TRIMs); Art. 1106 (Performance Requirements) of the *North American Free Trade Agreement*; Art. 8 (Performance Requirements) of the 2004 *United States Model Bilateral Investment Treaty*; Art. 8 of the 2012 *United States Model Bilateral Investment Treaty*.

123 Arts 3.6 and 3.7 (General Provisions), 4.3 (Consultations), 11 (Function of Panels), 12.7 (Panel Procedures) and 22 (Compensation and the Suspension of Concessions) of the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, Annex 2 of the WTO Agreement, Marrakesh (15 April 1994).

some of the interests at stake in certain IP disputes, diplomatic measures or 'informal' disputes or even State-to-State investment arbitrations,[124] could still be a better alternative than investor-to-State arbitration. The "coffee war," for instance, illustrates the informal disputes that may arise over IP's interwoven economic interests. Coffee from Ethiopia is often considered among the world's best. Increasing the profits for coffee farmers in Ethiopia was a priority, thus the government made changes to increase the trade of high-quality coffee beans.[125] As a result, in 2004, the Ethiopian Government initiated the Ethiopian Coffee Trademarking and Licensing Initiative to accomplish these goals. In this case, the Ethiopian context did not seem to be suitable for GI-based protection. On the other hand, marks were viewed as an effective means of securing the unique identities of Ethiopian coffees and promoting their visibility in the rapidly growing speciality coffee market. Some trademark registrations in strategically important markets were initiated by the Ethiopian Intellectual Property Office ("EIPO"). However, the US National Coffee Association ("NCA"), which represents coffee roasters in the United States, objected to EIPO's applications for two trademarks in 2006, after Starbucks Coffee Corporation successfully registered one trademark with the United States Patent and Trademark Office ("USPTO"). The USPTO denied registration for two trademarks that had been submitted. Ethiopia was able to get the registration of the two opposed trademarks in the US while the EIPO filed rebuttals against the USPTO decisions. This came about after the Ethiopian government and Starbucks negotiated and reached a mutually acceptable solution

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124 Italian Republic v. Republic of Cuba, Ad Hoc State-State Arbitration, or in Republic of Ecuador v. United States of America, PCA Case No.2012–5.

125 World Intellectual Property Organization, 'The Coffee War: Ethiopia and the Starbucks Story' (*World Intellectual Property Organization*, 2010) <https://www.wipo.int/ipadvantage/en/details.jsp?id=2621#en> accessed 30 December 2022.

regarding the marketing, distribution, and licencing of Ethiopia's speciality coffee designation. Since this nature was considered in an informal setting, it was possible to consider a wide range of interests and arrive at a solution that satisfied everyone involved, from large international corporations to local farmers.

FINAL REFLECTIONS

This article shares the 'worry' of many who have voiced concerns about the potential for IP rights litigation in international investment arbitration, including States, NGOs, and academics.[126] Although IP rights investment disputes are relatively rare, a wide range of IP rights have been at stake in these instances. When a host state takes action that is detrimental to a foreign investor's interests, arbitration between the investor and the host state may be the only or best alternative available. However, when international regulations like the TRIPS Agreement or the PCTs, or the international (non)convergence over the protection of IP rights, are at stake, there are numerous additional options, diplomatic or quasi-judicial. Naturally, diplomatic channels and the WTO dispute resolution system have limits in terms of the state's discretion in advancing (or not advancing) a claim and the final remedy and reparation to be provided to a national investor. From this perspective, even the WTO option is like diplomatic protection.[127] This variety of options not only reaffirms the inextricable bond between intellectual property, trade, and investments, but also demonstrates the many directions that IP, trade, and investment regimes have followed.[128] Claims based on IP made by foreign investors have, up

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126 K. Liddell & M. Waibel, 'Fair and Equitable Treatment and Judicial Patent Decisions' (2016) 19 J. Int. Econ. L. 146.

127 A. Newcombe & L. Paradell, *Law and Practice of Investment Treaties – Standards of Treatment* 5–7 (The Netherlands: Kluwer Law International 2009).

128 D. P. Steger, International trade and Investment: Towards a Common Regime?, in Prospects in International Investment Law and Policy 157 (R. Echandi & P. Sauvé eds, UK: Cambridge University Press 2013).

until recently, seemed like an effort to remove IP concerns from the forums where they were initially discussed. However, as was previously indicated, the compromises established for the opposing interests of the original negotiating parties on the one hand, and for the more general society conflicting interests at stake on the other hand, are lost with the 'import' of IP concerns in investment arbitration. The immediate impact on international IP agreements is unclear.[129]

It makes sense, both economically and from the perspective of international investment law, to see IP rights as 'investments.' The potential for IP disputes to be litigated in investor-to-State arbitration, on the other hand, raises several issues, not the least of which is the likelihood of contradictory rulings. Each IIA is to be interpreted independently of any other agreement, and arbitral tribunals are to be formed on an ad hoc basis and given broad discretion in accordance with international customary principles on the interpretation of treaties.[130] Consequently, if concerns have been raised about the feasibility of expecting consistency in the decisions of investment arbitral tribunals,[131] this factor can be used to mitigate any pessimistic assessment of individual arbitral rulings, the reach of which would be constrained by their nature but not their relevance to the issues at hand. Cases like *Eureko BV v. Poland*, where the arbitral tribunal applied its jurisdiction to a breach of contract that did not violate any standard of

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129 J. Drexl, Intellectual Property and Implementation of Recent Bilateral Trade Agreements in the EU, in EU Bilateral Trade Agreements and Intellectual Property: For Better or For Worse? 265 (J. Drexl, H. Grosse Ruse-Khan & S. Nadde-Phlix eds, Berlin/Heidelberg: Springer 2014); L. Manderieux, Issues Related to the Judicial Implementation of the TRIPS Agreement Within the EU, in The Absence of Direct Effect of WTO in the EC and in Other Countries (C. Dordi ed., Torino: G. Giappichelli 2010); UNCTAD-ICTSD, Resource Book on TRIPS and Development (USA: Cambridge University Press 2005).

130 Y. Banifatemi, Consistency in the Interpretation of Substantive Investment Rules: Is It Achievable?, in Prospects in International Investment Law and Policy 157 (R. Echandi & P. Sauvé eds, UK: Cambridge University Press 2013).

131 Ibid.

treatment under the Netherlands-Poland BIT,[132] provide insight into the possibility of arbitral tribunals extending their jurisdiction to issues of international intellectual property law. The connection between IP litigation in investment arbitration and IP protection under IIAs is not "adamantine," as has been suggested. Some of the IIAs that do a good job of safeguarding intellectual property do so without including provisions for the resolution of disputes between investors and the host state. Australia, for example, has signed many free trade agreements ("FTAs") with investment chapters but no arbitration provisions. Intellectual and industrial property rights, such as copyrights, patents and utility models, industrial designs, trademarks, GIs, integrated circuit layout designs, trade names, trade secrets, technical processes, know-how, and goodwill are all protected under Article 12.2 (c) (iv) of the 2012 Australia-Malaysia Free Trade Agreement.[133] Concerning investment disputes, the FTA has no dispute resolution provision. Like the EU-Japan FTA, the Australia-Japan FTA has a provision protecting intellectual property as an investment under Article 14.2 (f) (vii), although it does not include an investment dispute resolution mechanism.[134] In addition, this FTA is unique in that, to specify the IP rights that are safeguarded by the Agreement's investment chapter, the parties specifically cite the intellectual property chapter, and more specifically Article 16.2. Thus, under these IIAs, foreign investors cannot bring investment arbitration actions for (alleged) breaches of the IIAs' provisions, including those pertaining to intellectual property rights. This does not rule out the option of seeking redress for breaches of investment responsibilities

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132 *Eureko B.V. v. Republic of Poland*, Ad Hoc Arbitration, Partial Award, at 244–250.

133 Malaysia – Australia Free Trade Agreement (MAFTA), entered into force on 1 January 2013.

134 Japan – Australia Economic Partnership Agreement (Agreement Between Australia and Japan for an Economic Partnership and its Implementing Agreement) (JAEPA), entered into force on 15 January 2015.

per se; rather, it restricts the means by which such disputes may be resolved.

CONCLUSION

After all of these warnings and comments, one must accept reality. Further investment disputes involving IP rights may throw light on the genuine hazards or constructive remedies that may be around in the future, but it is not hoped that international investment law and IP will become more integrated at the dispute's resolution level. Therefore, a larger body of case law might be useful for not just better framing the issues that are arising because of this "integration," but also for identifying and resolving long-standing concerns in international IP law and governance. Accordingly, it is possible that rubbing salt into the wound is not always counterproductive.