

Brussels, 25 May 2007

Commission TBR investigation concerning the granting of compulsory licences by Taiwan

I. Introduction

Since patents are one of the backbones of the engineering industries and essential to the continued competitiveness of our companies marketing their innovative products on global markets, we are sensitive to all practices by third countries which could violate IPR and believe that all infringements of the WTO TRIPS agreement should be properly redressed.

II. Compulsory patent licences must not be introduced within the manufacturing industries

Orgalime is concerned about Taiwan's decision to grant permission to a local manufacturer to use a patent for recordable compact discs without having negotiated a licensing agreement with the European patent holder.

Orgalime is especially concerned that this case of abuse of the TRIPS agreement could create a precedent for other WTO members and could open the door to other foreign governments to granting royalty free patent licences in the manufacturing industries.

We therefore fully support the European Commission's decision to launch an investigation of WTO consistency and urge the Commission to thoroughly study the case, its circumstances and whether it can be proven that Taiwan has violated its commitments under the WTO TRIPS agreement.

We hope that the Commission will manage, preferably through negotiations, to motivate the Taiwanese government to voluntarily withdraw the compulsory licences. As a last resort, the Commission should start government-to-government litigation against Taiwan at WTO level.

Orgalime, the European Engineering Industries Association, speaks for 36 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 24 European countries. The industry employs some 10.6 million people in the EU and in 2006 accounted for some €1,779 billion of annual output. The industry not only represents more than one quarter of the output of manufactured products but also a third of the manufactured exports of the European Union.