1. Introduction

The November 2001 Doha ministerial meeting of the World Trade Organisation (WTO) was hailed by some states and societies—including South Africa—as an important victory for a more flexible, progressive and contextually sensitive global intellectual property rights (IPRs) regime. As the health and human security of the developing world, particularly in Africa, is increasingly compromised and threatened by a plethora of pandemics and pathologies, access to essential yet patented medication and knowledge remains a matter of ‘high politics’. In today’s rapidly globalising world, information, science and technology have become more economised, politicised, scrutinised and ethically bound than ever before. Within the global liberal discursive environment, intellectual property rights (IPRs) are enforced in the WTO discipline through a multilateral code governing trade-related aspects of intellectual property, the so-called Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, to which all the 142 member states must adhere, irrespective of their level of development.

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3 This applies not only to the developing world, but also to the developed world. In August 2001 the Brazilian government threatened to break a patent through a compulsory licence to produce the anti-retroviral Nelfinavir (in Brazil marketed by Roche as Viracept) in a state factory at a fraction of the cost. Under Brazilian law the government can issue a compulsory licence to make a patented drug when a ‘national emergency’ is invoked (Business Day, 24 August 2001). In the wake of the September 11 terrorist attacks, the US has considered issuing a compulsory licence to produce Cipro, the anthrax antibiotic, and the parallel importing of anthrax antibiotics (CUTS, ‘Get TRIPS out of the WTO’, in Economiquity, 19, 2001, p.1).

4 The TRIPS agreement was concluded as a result of the Uruguay Round of trade negotiations and came into force on 1 January 1995.
TRIPS, as a part of the global trade agenda, has since its inception in the Uruguay Round been mired in controversy. More crucially, differences of opinion on TRIPS, IPRs and technology transfer continue to sour the relationship between the North—‘the knowledge-workers’—and the South—‘the knowledge-needers’.

This article analyses the power relationship—both meta and relational—between the North/Organisation for Economic Co-operation and Development (OECD) and the South, by focusing on IPRs within the politics of pharmaceutical technology transfer. The article first provides a brief conceptualisation of intellectual property and patents. It then investigates the debate between the North/OECD and the developing countries over TRIPS (and thus technology transfer). This discourse is based on utilitarian and moral motives. Thirdly, the article analyses this debate in the context of the WTO’s November 2001 Doha ministerial meeting and the South African HIV/AIDS drug case in 1998. The article concludes by teasing out some of the foreign policy implications of TRIPS for South Africa.

5 The General Agreement on Tariffs and Trade (GATT) Uruguay Round (1986–94) was the expression of the North’s (more specifically, the OECD’s) power, since they controlled the negotiation agenda and subsequent outcome. Members of the South were explicitly and implicitly coerced into signing the TRIPS Agreement, since the final GATT ‘deal’ was presented as a unified package (all members had to commit to all its provisions), there was the threat on the side of the North to retract the benefits provided under the generalised system of preferences (GSP), and to use the US’s ‘Super 301’ Watch List and other such unilateral trade measures in the future.

6 The TRIPS agreement requires that technology transfer to less developed countries (LDCs) be promoted. This, however, is only a ‘best endeavour’ commitment (which has not been implemented) and LDCs have no recourse to any dispute mechanisms to force developing countries to respect this commitment.
What do the concepts ‘intellectual property’ and ‘patents’ mean?

**Intellectual property**

Intellectual property (IP) is an abstract concept which encompasses ideas and images, sounds and symbols, words and music, text and designs, formulae and blueprints. IPRs refer to legal rights held in new ideas that are covered by copyrights, patents and trademarks. IP thus reflects an expanded conception of intangible assets, which legally protects and takes into account new forms of creative endeavour, such as computer software, integrated circuits and technological advances. It grants limited legal monopolies under certain conditions for particular kinds of invention. Technology—including medical technology—is therefore not a ‘free’ good that is readily available for use by any firm anywhere.

**Patents**

Patents are legally binding monopolies awarded by governments to inventors to exclude others from manufacturing, selling, or using the patented invention without the patentee’s consent for a defined period of time (often 20 years). The stated power to exclude others makes patents the most important device for protecting internationally transferred technology. This has contributed to the technology gap—or ‘the digital divide’, according to President Thabo Mbeki—between developing and industrialised countries. Due to the high costs involved, research and development (R&D) is largely concentrated in large firms or strategic partnerships and alliances between large firms (for example within the biotechnology sector). Most of these firms are located in the North. Most global knowledge in science and technology is concentrated in the developed world. Some 95% of the world’s patents are held in the North,

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and in information technology it is estimated that 90–95% of the world’s R&D is concentrated in highly industrialised countries.\(^{10}\)

The reciprocal relationship between the patentee and the state or international regime providing the legal monopoly is as follows: the patentee is said to have the moral right—within the liberal paradigm, that is—to exploit (manufacture, sell or use) its invention in exchange for making the invention public. The theory of modern rationalisation is that this ‘look but don’t touch’ trade-off might assist other inventors to generate new industrial processes and products.

The awarding of a patent is congruent with its being declared private property (albeit for a certain fixed period), which means that the ‘owner’ can then assign, mortgage, or license the patent to other parties. These parties, in turn, remunerate the patentee for their limited right to ‘work’ the patent. The patented technology can be sold or hired out to an interested juridical person, such as an individual, firm, higher education institution, research facility, NGO, or state. Since the patent is quite explicitly a monopoly, the seller can put any price on licensing or sale of that patent. This underscores the profit-driven motives of TRIPS. Buyers in the South rarely have the necessary capital to buy or hire a patent in order to transfer the (sometimes much-needed) technology. The conflict between developing countries and the big pharmaceutical companies over patent rights, licensing and the morality of the cost (whether cheap or expensive) of HIV/Aids medication, particularly anti-retrovirals, is a case in point. As with all other things in the current neo-liberal world order, knowledge has been commodified.

2. The North-South debate over TRIPS

The Northern/OECD countries

The position taken up by the Northern countries argues that strong IP protection is needed to reward inventors. R&D are investment activities that must yield profits if they are to be viable or worth the investors’ trouble.\(^{11}\) Inventors must receive payment for their creative enterprise in order to encourage them to invent even more. In the liberal global order, the market must (be forced to) reciprocate through regulation. Pecuniary

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reward will enhance or motivate invention, the application of which will improve the living conditions of everyone. This is the utilitarian argument. It is reflected in Article 7 of TRIPS, which states that the protection and enforcement of IPRs should contribute to

the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare.

The treaty thereby acknowledges that there has to be a balance between the rights of producers of intellectual property, and those of users.

The ‘moral’ argument is also utilitarian in its general trend. It states that, since strong IP protection benefits mankind by facilitating the invention of technologies that improve global living conditions, piracy (for example through reverse engineering, industrial espionage and simple imitation) takes away inventors’ money and diminishes the incentive to innovate, decreases mankind’s applicable knowledge, and in the long run hurts everyone. Both arguments support a strong IP regime.

The developing countries

Many developing states hold the position that knowledge should not be the exclusive preserve of the advanced industrialised states. Knowledge—the applicable factor of scientific and technological activity—cannot be owned by anyone, just as the sea cannot be owned by anyone. Nature/God provides biomes and intellectual capacity that should be used, made applicable, and distributed for the global (and not merely the local or national) good. They contend that the motivation of monetary reward and legal monopoly is repulsive when viewed against the prevalence of global indigence and disease. Boyle\textsuperscript{12} identifies the South’s conception of information as a free, public good; its diffusion internationally is imperative for the sake of economic efficiency. For the North information is a commodity and therefore is associated with ideas of economic gain and incentive. The developing countries accuse the North of hypocrisy, stating that IP protection is tantamount to rationalised managed trade, which is contrary to the North’s own neoliberal rhetoric. TRIPS as an agenda in the Uruguay Round, it is argued by the South, was contradictory to the spirit of the General Agreement on Tariffs and Trade (GATT), which sought to promote free, uninhibited, and deregulated trade.

The more liberal argument supported by the South contends that knowledge should flow across national borders unhindered. Such free flow would hardly inhibit innovation, since innovators such as multinational corporations (MNCs) will realise that the only way in which to maintain or acquire market lead is continual innovation and improved products. The developing world argues that, since knowledge is seen as incremental, the North is actually infringing on their right to development—IP protection actually hijacks the South’s ability to develop by grabbing or monopolising the keys of innovation.

The example that illustrates this ‘imperialism of the future’ as cited by the South is the exploitation of Southern biomes for pharmaceutical products. The TRIPS Agreement contains no protection for traditional knowledge or informal innovations, which means large seed or pharmaceutical companies may patent both the seed varieties bred by traditional farmers over many generations and the medicinal uses of certain plants by traditional healers. The Agreement also facilitates the practice of ‘biopiracy’ by large food and pharmaceutical companies, who have the right to patent animals, plants, and even micro-biological processes, thus increasing the risk of loss of biodiversity.

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13 Robinson RD, op. cit., p.131.

According to Steidlmeier and Falbe,\textsuperscript{15} the moral order of the established IP regime is centred around four principles:

- the right to liberty and self-realisation;
- the right to livelihood;
- the right to the fruit of one’s labour and effort; and
- efficiency and social benefits as part of the common good.

All four of these principles are taken by the North to justify its insistence upon strong IP protection. However, the South can use these very principles to ground their emphasis on communitarianism.\footnote{16}{Ibid., p.351.}

thus, for example, developing countries stress a people’s right to liberty and livelihood, not just an individual’s. They also view technological knowledge as a common human effort which, on the level of ideas, should remain common property.

The North and the South thus argue from within differing paradigms. Since these paradigms are essentially mutually exclusive, it is difficult to envisage a bargaining window which can accommodate both positions. Steidlmeier & Falbe\footnote{17}{Ibid., p.351.} do, however, have a suggestion that might have a clarifying, more accommodative effect on this North-South debate: IP rules should be based on a \textit{unified ethical logic} rather than \textit{trade coercion}. This is an interesting idea, but it is difficult—in view of the above—to foresee and anticipate a possible marriage or confluence of ideas on such matters of ethics as individualism and communitarianism.

\section*{3. The Doha ministerial meeting and TRIPS}

At the Doha meeting of WTO members in November 2001, developing countries—including the influential Southern leaders of Brazil, India and South Africa, which are emerging economies—wanted TRIPS reassessed. This was to ensure that in a national health emergency they could either produce affordable generic drugs (compulsory licensing) or buy them from elsewhere (parallel imports). Developing countries cannot afford to pay the prices asked by the Northern pharmaceutical companies for the drugs which these companies have developed and produced, which often include the only effective treatment for national health emergencies such as the HIV/Aids pandemic.

TRIPS does give signatory governments the right to adopt measures ‘to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development’.\footnote{18}{Agreement on TRIPS, Article 8.} These measures have to be consistent with the provisions of the Agreement, which means that very limited transgressions on the IPRs of inventors are permitted. Article 31 of the
TRIPS Agreement provides that the law of a member country may ‘allow for other use (such as compulsory licensing or parallel importing) of the subject matter of a patent holder without the authorisation of the right holder’—but this may only happen if the proposed user has made efforts to obtain authorisation from the holder of the IP, and is paying royalties to the patent holder. In the case of national emergencies (such as an epidemic that drastically threatens public health) this requirement may be waived, but the right holder still needs ‘adequate remuneration’.

Although Doha hardly signalled ‘the end of TRIPS’, the developing countries succeeded in winning some concessions from developed country signatories.

• The ministerial meeting stressed the importance of implementing TRIPS in a manner supportive of public health, by promoting both access to existing medicines, and R&D into new medicines.\(^{19}\)

• A separate Declaration on the TRIPS Agreement and Public Health was adopted, in which the ministers ‘recognize the gravity of the public health problems afflicting many developing and least-developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics’.\(^{20}\) It was accepted that the TRIPS Agreement should be interpreted and implemented in a manner supportive of members’ right to protect public health and to gain access to essential medicines. Members were given more flexibility in the granting of compulsory licences, being permitted to determine through their own national legislatures the grounds upon which such licences are to be granted, and to decide what constitutes a national public health emergency. Developed countries undertook to provide incentives to promote and encourage technology transfer to less developed countries.

The Doha Declaration nevertheless reaffirmed the developed world’s utilitarian argument for strong IPR protection, stating that this was necessary for the development of new medicines and would encourage incremental medical innovation. This implies that developing states can only resolve their public health crises and service the ‘public interest’ through the WTO discipline of TRIPS and IP.

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Prior to Doha, the United States (US) and the European Union (EU) had already softened their position on the compulsory licensing and parallel importation of HIV/AIDS drugs under patent. Washington has indicated that for the next five years it will not seek to impose sanctions should South Africa ignore the IPRs of pharmaceutical companies in its efforts to obtain affordable drugs, although this concession appears to have been overlooked, given the government’s dithering, legal obfuscation and prevarication. This is due to the government’s entertaining dissident viewpoints on the causes and treatment of HIV/AIDS, and its consequent reluctance to make anti-retroviral treatment available under the public health system. Similar concessions have been made to other developing states; in their case, the moratorium on implementation will last for a further 10 years, with a number of African countries benefiting until January 2016 at least.

Interestingly, the timing of these concessions occurred a few weeks prior to the Doha ministerial meeting in Qatar. ‘The Quad’ group—the US, EU, Japan and Canada—are particularly keen to launch a new round of trade talks, although the developing countries are more anxious to address issues of implementation, that is the undertakings and commitments (such as trade liberalisation and market access) made by the developed countries towards the developing countries during the Uruguay Round, which remain unfulfilled. It is believed in some developing world circles—particularly South Africa, Nigeria, Malaysia and India—that the unfinished business of the Uruguay Round and the biased nature of the multilateral trading regime should be addressed in a new round. The concessions on HIV/AIDS drugs could be interpreted as part of the North’s strategy to ‘encourage’ the launch of this proposed new multisectoral Millennial Round of negotiations.

4. Pretoria, TRIPS and the pharmaceutical companies

The TRIPS Agreement lays down only minimum standards of protection of IP (based on the US and European models), which domestic IP

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protection legislation exceeded even before South Africa signed the TRIPS Agreement in 1995.\textsuperscript{24} The country’s IP legislation is based on European legislation. Under the apartheid regime, South Africa entered trade negotiations during the Uruguay Round as a developed country. Although other WTO members were willing to grant it ‘transition’ status in 1995, the EU insisted that South Africa take on the obligations of developed countries.\textsuperscript{25} This did not present the South African government with immediate implementation problems in the case of the TRIPS Agreement, as it already had minimum standards of protection.

Three years after signing the TRIPS Agreement, the Minister of Health, Dr Nkosazana Dlamini-Zuma, proposed a bill to parliament, The Medicines and Related Substances Control Amendment Act (Medicines Act). This would allow for compulsory licencing (generic manufacturing) and parallel importing of essential medicines (produced in India and other developing countries under their more ‘flexible’ patent laws) in national health emergencies. This was particularly necessary to secure access to medicines to treat HIV/AIDS-related opportunistic infections, given that the rate of HIV/AIDS infections was taking on emergency proportions in South Africa.\textsuperscript{26} However, despite appeals from civil society, President Mbeki and Health Minister Zuma refused to declare a national health emergency in South Africa; such a declaration was thought to have dire economic consequences, particularly for South Africa’s international credit ratings and foreign investment (which was already paltry).

\begin{itemize}
\item \textsuperscript{24} South Africa has a comprehensive and modern IPRs regime covering patents, industrial designs, copyright and trademarks. Patents may be registered under the Patents Act of 1978 and are granted for 20 years. Trademarks can be registered under the Trademarks Act of 1993, are granted for 10 years, and may be renewed for an additional 10 years. New designs may be registered under the Designs Act of 1967, which grants copyrights for five years. Literary, musical and artistic works, cinematographic films, and sound recordings are eligible for copyrights under the Copyright Act of 1978 (amended in 1992 to include computer software). South Africa is also a member of the Paris Convention, which provides rights of priority to foreigners based on their \textit{place of origin} applications for patents, trademarks, and designs. The government has also acceded to the Patent Co-operation Treaty, which allows a foreigner to extend the right of a patent in South Africa for up to 30 months. The Berne Copyright Convention, to which South Africa is a signatory, protects copyright works of foreigners as if they were nationals of South Africa.
\item \textsuperscript{26} South Africa has approximately 4.2 million people living with HIV/AIDS.
\end{itemize}
In response to the Minister’s proposed Medicine Act, the Pharmaceutical Manufacturers’ Association (PMA) of South Africa (representing US and European pharmaceutical companies) instituted domestic legal proceedings against the South African government for ‘violating’ its TRIPS commitments. US pharmaceutical companies also lobbied the US government to apply pressure on the South African government not to enact this version of the Medicines Act, and put South Africa on the ‘Super 301’ Watch List of states which violate IPRs. The dispute was resolved diplomatically and the bill has finally been enacted, but in a much watered-down form. Grey imports of genuine products can be authorised only under the strictest conditions, and generic medicines will be subject to patent law. This will exacerbate the HIV/AIDS crisis in South Africa, as most South Africans cannot afford HIV/AIDS medicines, which are all protected by patent law.

This demonstrates that the principles and substance of the TRIPS Agreement do not take account of the public interest, and supplies a good argument for an exception being made for essential medicines, as determined by national health emergency situations.

The case of Pretoria versus the pharmaceutical companies illustrates the truth about IP: Today IPRs are principally about money and profit. The developed countries of the North seek to rationalise the regulation of IPRs internationally by employing the language of global liberalism. Yet behind all its justifications concerning making the knowledge public (at a price) and the rights of the inventor, the North’s arguments in favour of a stricter protection of IP in the globalised world order are about commercial advantage. With an altered conception of ‘national security’ that now more than ever stresses the importance of positive trade balances, IPRs are a tool in the arsenal of developed states’ search for economic prowess. The North’s superior power is based on the WTO discipline and a highly cynical use of the liberal discursive environment within which it is functioning, whilst its power in terms of relations with the South is demonstrated by the threat of retraction of GSP benefits and the continued use of unilateral trade measures.

5. A foreign policy dimension to TRIPS?

Pretoria has sought to position South Africa as a champion of the developing world. Solidarity with the South, identification with Africa, and a commitment to reformist free-marketism represent a neat coincidence of ideology and interest. This has most recently been
demonstrated by President Mbeki’s active role in crafting and marketing the New Economic Partnership for Africa’s Development (NEPAD).

Does TRIPS offer any opportunities for Pretoria’s foreign policy, which takes as its point of departure Africa’s political, economic and social recovery?

First, South Africa—in partnership with other leading Southern states, such as Brazil, Nigeria and India—should actively campaign to roll back the TRIPS Agreement, to remove it from the WTO and return it to the World Intellectual Property Organisation (WIPO). TRIPS does not belong in the WTO discipline for the following reasons:

- there are enormous differences in experience of IPRs laws and policies among the WTO members;
- there is no consensus on the proper role and elements of IP law and policy, particularly as applied to countries in vastly differing circumstances and levels of development;
- the WTO is a trade forum ill-adapted to handling IPRs issues, which run the risk of becoming politicised; and
- there is the possibility that applying WTO dispute resolution mechanisms to IPRs rules poses risks to the independence and sovereignty of law enforcement authorities in the member states.\(^\text{27}\)

Such a roll-back could assist the moderate reformist trend in Pretoria’s multilateral diplomacy, which aims to fix neo-liberalism.\(^\text{28}\)

Second, the South African government should seek some accommodation between pharmaceutical companies and indigent developing countries. This should aim towards affordable access to, or compulsory licensing of, patented drugs, particularly drugs listed as essential by the World Health Organisation (WHO). Pretoria should make it clear to pharmaceutical companies that the intention is not primarily to deprive them of their profits. The intention is to address an emergency situation in the form of the Aids pandemic. Pretoria should also encourage MNCs to make good on their ‘best endeavour’ commitments to transfer modern, relevant and environmentally sound technology to Africa and the developing world.

\(^{27}\) CUTS, op. cit., p.2.

Third, while President Mbeki’s efforts to attract foreign direct investment (FDI) to South Africa require that Pretoria be publicly seen—both at home and in the WTO—to support IPRs and the security of private property, this need not translate into an uncritical acceptance of TRIPS *per se*. Although a uniform system of IPRs protection appears to run counter to the interests of most developing states, the opposite extreme cannot be taken as the ideal either. Pretoria should argue that the system of IPRs protection adopted by individual countries should reflect the degree of industrial and research maturity of that country. The implication is that a uniform system (as exemplified by the TRIPS Agreement) curtails the possible advantages of a flexible system based on the principle of ‘national treatment’.

Fourth, South Africa should actively support the African position that plants, animals and microbiological processes—that is, life forms—should be excluded from patent protection. For plants, developing countries should seek to set up *sui generis* systems tailored to their own needs (including farmers’ rights to protect informal or traditional remedies). Animals should be excluded from patenting given the dangers inherent in the release into the environment of genetically modified organisms and the loss of biodiversity.  

Finally, foreign policymaking in South Africa should be ‘democratised’. Pretoria should actively encourage civil society and non-governmental organisations (NGOs) to support its efforts to reform the WTO and its disciplinary instruments—whether through research, advocacy or activism, so that they serve the goal of sustainable development. This also implies capacity-building on WTO issues among South African diplomats, trade negotiators and NGOs, particularly the new ‘Singapore issues’. As Paul Williams noted, ‘Foreign policy experts must familiarise themselves with a daunting agenda which pays attention to medicines, mercenaries and miners as well as tanks, traders and TRIPS’.

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