the alert was to prevent the importation of drugs produced at those facilities for approximately two years, as well as to suspend the consideration of any further ANDAs for drugs produced at those facilities.\textsuperscript{748} Apotex alleged that the Import Alert infringed investment protections guaranteed under NAFTA.\textsuperscript{749} On 25 August 2014, a three-member arbitral tribunal dismissed all of Apotex’s claims.\textsuperscript{750}

2. Servier v Poland\textsuperscript{751}

In 2001, Poland adopted a law requiring that each pharmaceutical drug receive a renewed marketing authorisation in order to be sold domestically. Under this legislation, in late 2008, the Polish national health authority denied renewal of authorisation for two drugs produced by Servier, a large French pharmaceutical company, while granting marketing authorisations to generic alternatives produced by Polish companies.\textsuperscript{752} Servier, along with two related French pharmaceutical companies, alleged that Poland’s decision to deny authorisation was the result of collusion with the local manufacturers of generic drugs and that there were no legitimate doubts about the safety or quality of their drugs.\textsuperscript{753} Servier thus commenced arbitration proceedings under the UNCITRAL Rules in October 2009, alleging a violation of the France–Poland BIT. An award was issued by the tribunal on 14 February 2012, and a heavily redacted version has since been made public. Although much of the claim was dismissed, the tribunal ultimately sided with the claimants in finding the denial of marketing authorisation to be discriminatory, disproportionate, and “not a matter of public necessity” – and thus constituting an unlawful expropriation.\textsuperscript{754} Unfortunately, the tribunal’s detailed reasoning on expropriation remains redacted from the award.\textsuperscript{755}

3. Signa v Canada\textsuperscript{756}

The Patented Medicines (Notice of Compliance) Regulations implemented by Canada in 1993 provide that by purporting to have a relevant patent, a person can obtain a mandatory prohibition against a generic competitor for a period of 30 months. Pursuant to this regulation, a patent list was filed by Bayer Inc. with regard to a particular type of antibiotic (ciprofloxacin hydrochloride). This prevented Signa, a producer of generic drugs based in Mexico, from selling a generic version of that drug for the mandated period.\textsuperscript{757} In March 1996, Signa submitted a Notice of Intent to submit a claim to arbitration, asserting that this was tantamount to an expropriation, as well as a breach of the fair and equitable

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\textsuperscript{748} Apotex v US II, Award, 25 August 2014, paras 2.24–2.25.  \\
\textsuperscript{749} Apotex v US II, Award, 25 August 2014, paras 2.3–2.36.  \\
\textsuperscript{750} Apotex v US II, Award, 25 August 2014, para 12.1.  \\
\textsuperscript{751} Les Laboratoires Servier, S.A. A., Biofarma, S.A.S., Arts et Techniques du Progres S.A.S. v Republic of Poland, UNCITRAL.  \\
\textsuperscript{754} Servier v Poland, Final Award, 14 February 2012, para 575.  \\
\textsuperscript{755} Servier v Poland, Final Award, 14 February 2012, paras 585–641.  \\
\textsuperscript{756} Signa S.A. de C.V v Government of Canada (NAFTA Chapter 11).  \\
\textsuperscript{757} Signa v Canada, Notice of Intent to Submit a Claim to Arbitration, 4 March 1996, paras 5–9.
\end{flushright}
treatment standard and therefore a violation of NAFTA’s investment protections. However, Signa never filed a formal Notice of Arbitration and subsequently withdrew its Notice of Intent, confirming that it would not further pursue a claim in this matter.

IV. Expropriation of trademark

1. AHS Niger v Niger

The claimants (Menzies Middle East and Africa SA (MMEA), a Luxembourg-registered company, and its 75 % -owned Nigerien subsidiary, Aviation Handling Services Niger SA (AHS)), provided airport cargo and ground services at Diori Hamani International Airport, in Niamey, Niger, under a concession agreement concluded with the government. In December 2010, Nigerien authorities terminated the arrangement, seized equipment belonging to the claimants, and requisitioned its airport staff. Citing a grant of jurisdiction arising from the parties’ investment agreement with the government of Niger, the claimants brought a suit before ICSID in March 2011. In addition to claiming an expropriation, they raised the issue of infringements of their IP rights in the form of trademark and trade names registered with OAPI, a regional IP organisation in Francophone Africa, of which Niger is a member. Claimants alleged that the new personnel employed by the Nigerien authorities after the seizure of its equipment had continued to operate airport services using uniforms showing their IP-protected trademarks and trade names. The tribunal issued an award in July 2013, rejecting the IP-related aspects of the claim.

2. Shell v Nicaragua

In 2002, Nicaragua seized trademarks belonging to two subsidiaries of the Shell Group in an effort to enforce a USD 489 million judgment handed down in favour of Nicaraguan citizens who claimed to have been affected by a certain harmful pesticide manufactured for use on banana plantations in the 1960s and 1970s. In 2006, the companies initiated an ICSID arbitration claiming that the seizure of trademarks constituted an unlawful expropriation. Subsequent to the opening of arbitration proceedings, a Nicaraguan Court of Appeal reversed the lower court’s decision to seize the trademark. A settlement of the case was agreed by the parties and ICSID proceedings were discontinued at the request of the claimants on 12 March 2007. The tribunal issued an award in July 2013, rejecting the IP-related aspects of the claim.

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758 Signa v Canada, Notice of Intent to Submit a Claim to Arbitration, 4 March 1996, paras 11–12.
760 AHS Niger and Menzies Middle East and Africa S.A. v Republic of Niger (ICSID Case No ARB/11/11).
763 Shell Brands International AG and Shell Nicaragua S.A. v Republic of Nicaragua (ICSID Case No ARB/06/14).
V. Summary

As can be seen, the cases which have arisen thus far deal with both commercial trademark rights and pharmaceutical patent rights (including marketing authorisations, generic drug approvals, and patent revocations). The fact that investors have challenged legislation, executive and regulatory actions, and judicial decisions demonstrates that actions by any branch of government can give rise to investment claims.

Seven of the arbitrations have been concluded, of which four culminated in an award. Only in one case, Servier v Poland, was the claimant (at least partially) successful. The high-profile Eli Lilly v Canada arbitration remains ongoing.

C. IP rights as protected “investments”

Having provided a brief overview of the factual scenarios which have led to IP investment claims thus far, we will now outline the requirements that any claim would need to satisfy in order to be successful. Before reaching the merits of an investment arbitration claim, it is first necessary to establish that the basic jurisdictional requirements have been met. The first of these requirements is the existence of a covered foreign investment. As there is no single definition for this key term, the analysis will necessarily be fact specific: it will be dependent upon the specific type of IP right in question, as well as on the language of the relevant IIA.

I. BITs

1. Definition of “investment”

With regard to the coverage of IP rights, BITs can be separated into three general categories. First, there are a small number of BITs that – while containing a broad definition of “investment” that generally includes all “assets” – do not explicitly include any type of intellectual property.766 This does not mean that intellectual property rights are necessarily excluded from investment protection, however, as such BITs generally provide that the lists of covered investments are not exhaustive. Thus, even if IP rights are not expressly enumerated in a treaty’s definition of investment, they are nonetheless likely to enjoy treaty protection by falling into the broad catch-all category of covered “assets”.767

Second, there are a number of BITs which make explicit mention of IP rights being covered investments but provide little or no more specific detail about the types of IP
rights that are covered.\textsuperscript{768} While these treaties may require “interpretation as to the scope of intellectual property coverage”, it should also not be controversial that despite the lack of specificity, common IP rights (patents, trademarks, copyrights, etc.) will be covered.\textsuperscript{769}

Third, and most common (particularly among agreements drafted within the last 20 years), are those BITs which not only explicitly provide that IP rights are covered investments, but also provide “lengthy detail about what types of rights are covered within the concept of intellectual property rights”.\textsuperscript{770} Examples include the following:

a) "intellectual property rights’ means copyright and related rights, trademark rights, patent rights, rights in layout designs of semiconductor integrated circuits, trade secret rights, plant breeders’ rights, rights in geographical indications and industrial design rights";\textsuperscript{771}
b) "intellectual property which includes, inter alia, rights relating to: literary and artistic works, including sound recordings, inventions in all fields of human endeavour, industrial designs, semiconductor mask works, trade secrets, know-how, and confidential business information, and trademarks, service marks, and trade names";\textsuperscript{772}
c) "intellectual property rights including rights with respect to copyright, patents, trademarks, trade names, industrial designs, trade secrets, know-how and goodwill";\textsuperscript{773}
d) "copyrights, industrial property rights (such as patents of inventions, utility models, industrial designs or models, trade or service marks, trade names, indications of source or appellation of origin), know-how and goodwill";\textsuperscript{774}
e) "copyrights, industrial property rights (such as patents for inventions, licences, registered trademarks, industrial models and designs), technical processes, registered names and clientele, provided that the said assets related to an economic activity must be or must have been invested in accordance with the laws of the Contracting Party in whose territory or maritime areas the investment is made, before or after the entry into force of this Agreement".\textsuperscript{775}

In instances where the type of IP right in question has been explicitly included in the BIT’s definition, there will probably be little room for a host state to argue that it does not constitute an investment. Thus, the most common types of IP rights – patents, trademarks, copyrights, and trade secrets – will generally qualify as protected investments under most BITs.

For example, in \textit{Philip Morris v Uruguay}, the tribunal had no trouble finding that “the Claimants’ investments in Uruguay”, including trademark rights, “fall within the definition of the term [investments] under Article 1 of the BIT”, which explicitly included “trade or service marks, trade names, indications of source or appellation of origin”.\textsuperscript{776}
C. IP rights as protected “investments”

Similarly, the Poland–France BIT provides that covered investments include “industrial property rights (such as patents for inventions, [and] licences”). In Servier v Poland, the tribunal found that two of the three claimants, all French pharmaceutical companies, held investments within the meaning of this definition. Unfortunately, both these claimants’ identification of their own investments and the tribunal’s discussion of this issue have been redacted in the publicly available version of the award. However, it is clear that the investments related to marketing authorisations, and it has been suggested that “claimants might have been merely the licensees of rights to manufacture drugs that were invented by a third party”.

The question of whether such marketing authorisations can always be considered a covered investment will probably depend on the language of the specific BIT in question. BITs, such as the one concluded between Poland and France, specifically defining investment to include “licences”, or otherwise broadly defining investments to encompass “rights given by the decision of a public authority” or “any asset having an economic value”, will probably be found to encompass drug approvals and import permits. However, in cases where the BIT in question does not have such expansive language, the issue may not be so clear-cut.

While it appears well established that IP rights which have already been recognised by the host state constitute a covered investment under most (if not all) BITs, an interesting – and as yet unresolved – borderline case relates to applications for IP rights, such as patents, trademarks, and industrial designs. Under most domestic laws, before enjoying the full protection afforded by IP rights, the potential holder must apply and complete the required registration process. In some cases, certain rights may accrue to the putative IP rights-holder during the application or registration process. For example, the filing of a patent application generally entitles the applicant to bring a suit or otherwise act against potential infringers.

The question is whether a filed – but not yet granted – application can constitute a protected investment. This question may be of significant practical importance because the majority of the money, time, and effort that goes into obtaining an IP right is often made before the application is granted. As with licences, the answer will largely depend upon the language of the specific governing BIT.

When it comes to the interpretation of the majority of IIAs, the prevailing view seems to be that “IP rights generally have to be registered in the host State to qualify as an investment.”

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778 Servier v Poland, Final Award, 14 February 2012, paras 533–562.


781 Ibid.

782 In the context of NAFTA, see discussion of Apotex v US in Section C.III. below.

783 Ibid.
investment”.

Thus, "a patent will enjoy protection as an investment under the BIT only once it has been granted by the Host State." However, this answer is not universally applicable, as the language of the specific BIT will determine the scope of the protection which is afforded. A number of BITs extend the scope of intellectual property protection in various ways.

For example, the US–Jamaica BIT refers in its definition of investment to "patentable inventions". The 2012 Model US BIT, among others, provides for national treatment and most-favoured nation (MFN) treatment with "respect to the establishment" of investments (including intellectual property rights). Other BITs, such as the Canada–Argentina BIT, refer in their definition of investment to "rights with respect to copyrights, patents". Similarly, a number of recent Canadian and US BITs protect pre-establishment investment activity by defining investor to encompass "a national or enterprise of a Party, that attempts to make, is making or has made an investment".

Such broad definitions could be interpreted to protect IP rights not only once they have been recognised, but also during the pre-establishment phase (e.g. patent applications). It is worth noting that this more expansive view also finds support from sources outside international investment law. For example, the European Court of Human Rights has found that a trademark application can give rise to a "set of proprietary rights" – albeit "conditional rights" – under Article 1, Protocol 1 of the European Convention on Human Rights. The European Patent Convention also provides that the publication of patent applications creates certain enforceable rights under Article 67.

Other limitations on what constitutes a “covered investment”

Even where it is clear that the type of right (e.g. a recognised trademark) is a “covered investment”, the extent (or existence) of the protection offered to this investment under the governing BIT, when read holistically, may be hotly debated. This is demonstrated by the arguments proffered by Uruguay and Australia in the Philip Morris cases.

Uruguay tried to defeat jurisdiction by reliance on Article 2(1) of the Uruguay–Switzerland BIT, which provides, “The Contracting Parties recognise each other’s right not to allow economic activities for reasons of public security and order, public health or morality.” Based on this language, Uruguay contended that the disputed anti-smoking measures taken for public health purposes fell entirely outside the scope of the BIT – essentially arguing that even if Philip Morris’s trademark was an investment, it was not a covered investment for the purposes of the BIT. The tribunal rejected this argument, finding that Article 2(1) only applies to the pre-establishment stage. While it would have permitted Uruguay to refuse to admit a potential investment on public
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health grounds before it was made, “Article 2(1) does not create an exception to the BIT’s substantive obligations with respect to investments [including those made by Philip Morris] that have already been admitted in accordance with Uruguayan law.”

Similarly, Australia pointed out that “under Article 1(e) of the BIT, ‘investments’ are only protected inter alia to the extent that they are ‘admitted’ by the relevant Contracting Party ‘subject to its law and investment policies applicable from time to time’”. Thus, it submitted that in order for there to be a justiciable dispute, Philip Morris bore the burden of first showing that its investments (including the full extent of its trademark rights) had been “admitted” in accordance with Article 1(e) of the BIT. The tribunal found that this burden had been satisfied as a result of a letter sent by Australia’s Foreign Investment Review Board stating that it had no objection to Philip Morris’s investment. The tribunal thus rejected Australia’s non-admission objection.

II. ICSID Convention

In some cases, investors may have the choice to bring the claims under the auspices of ICSID, before another arbitral institution (such as the ICC or the Stockholm Chamber of Commerce), or on an ad hoc basis under the UNCITRAL Rules.

In investment arbitration cases brought before ICSID, claimants have to show not only that their investment is covered by the relevant BIT, but also that it satisfies the standard of the ICSID Convention. The fact that an IP right may qualify as an investment under the BIT does not guarantee that it would also qualify as an investment for purposes of the ICSID Convention.

Article 25(1) of the Convention provides ICSID with jurisdiction over “any legal dispute arising directly out of an investment between a Contracting State … and a national of another Contracting State”. The ICSID Convention does not provide a definition of investment. This was a conscious choice made by the drafters, who believed that an explicit definition of investment would be unduly restrictive and preferred to give the parties flexibility to determine the scope of their consent to ICSID arbitration.

The tribunal in Salini Costruttori S.p.A. and Italstrade S.p.A. v Morocco identified a number of features which characterise an investment for the purposes of the ICSID Convention. First, an investment should involve a substantial contribution. Second, it should be accompanied by certain risks (other than commercial risks). Third, it should last for a reasonable duration. Finally – and most controversially – the Salini tribunal added that from “reading the Convention’s preamble, one may add the contribution to the economic development of the host State of the investment as an additional condition”.

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793 Philip Morris v Uruguay, Decision on Jurisdiction, 2 July 2013, para 174.
794 Philip Morris v Australia, Australia’s Response to Notice to Arbitration, para 32.
795 Philip Morris v Australia, Australia’s Response to Notice to Arbitration, para 32.
796 Philip Morris v Australia, Award on Jurisdiction and Admissibility, 17 December 2015, paras 512–523.
797 Philip Morris v Australia, Award on Jurisdiction and Admissibility, 17 December 2015, para 523.
801 Ibid.
Some tribunals have suggested that these are elements which must be met in order for ICSID jurisdiction to be satisfied. However, the more common and more persuasive view is that these are not mandatory criteria for the finding of an investment under Article 25. Rather, they are "typical features" of investments which "may assist in identifying or excluding in extreme cases the presence of an investment but cannot defeat the broad and flexible concept of investment under the ICSID Convention". As noted by the tribunal in Biwater Gauff (Tanzania) Ltd. v Tanzania, approaching the Salini features as mandatory requirements "risks the arbitrary exclusion of certain types of transactions from the scope of the Convention".

Regardless, the most common types of IP investments (trademarks, patents, and copyrights) generally do possess the features outlined in Salini. First, trademark-, patent-, and copyright-holders must undertake substantial financial commitments to register, maintain, promote, and enforce their rights. Second, all IP investments are inherently risky as they involve the uncertainty of attempting to exploit an asset on the assumption that it will prove attractive to customers. Third, the value of IP investments generally survives for at least a substantial period of time (e.g. creative works can be published and distributed for generations). Finally, intellectual property generally facilitates the development of host state economies by stimulating economic growth.

There may be some cases in which the "positive impact" of the IP rights-holder’s activities is questioned. For example, Uruguay argued that due to the well-documented negative public health effects of smoking, Philip Morris’s "activities have harmed and continue to harm Uruguay’s economic development ... [and] for these reasons, the Claimants’ interests and activities are not ‘investments’ in the sense of the ICSID Convention". However, the tribunal rejected this line of reasoning, adopting a “flexible approach” and finding that the negative effects of smoking provided “no basis for concluding that the Claimants’ long-term, substantial activities in Uruguay do not qualify as ‘investments’ under the BIT and the ICSID Convention.”

Thus, in most cases where IP rights constitute an investment under the relevant BIT, they will probably constitute an investment within the meaning of the ICSID Convention as well. Moreover, because many BITs permit investor–state arbitrations to proceed in other fora besides ICSID, IP rights-holders can avoid the question of ICSID jurisdiction entirely by choosing to file their investment claim in an alternative forum.

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802 See e.g. Quiborax S.A., Non Metallic Minerals S.A. and Allan Fosk Kaplun v Plurinational State of Bolivia, (ICSID Case No ARB/06/2) Decision on Jurisdiction, 27 September 2012, para 219; LESI-Dipenta v Algeria, (ICSID Case No ARB/04/08) Award, 10 January 2005, section II.13(iv); Victor Pey Casado v Chile, (ICSID Case No ARB/98/2) Award, 8 May 2008, para 233 (in French); Jan de Nul N.V. v Arab Republic of Egypt (ICSID Case No ARB/04/13) Decision on Jurisdiction, 16 June 2006, paras 91–95.

803 Philip Morris v Uruguay, Decision on Jurisdiction, 2 July 2013, para 206. See also Biwater Gauff Ltd. v United Republic of Tanzania (Biwater Gauff v Tanzania), (ICSID Case No ARB/05/22) Award, 24 July 2008, paras 312–314; MCI Power Group LC v Ecuador, (ICSID Case No ARB/03/6) Award, 31 July 2007, para 165; Malaysian Historical Salvors v Malaysia (Malaysian Historical Salvor v Malaysia), (ICSID Case No ARB/05/10) Decision on the Application for Annulment, 16 April 2009, paras 79–80.

804 Biwater Gauff v Tanzania, Award, 24 July 24, 2008, para 314.


806 Ibid.

807 Philip Morris v Uruguay, Decision on Jurisdiction, 2 July 2013, paras 180–182.

808 Philip Morris v Uruguay, Decision on Jurisdiction, 2 July 2013, para 209.