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**COPYRIGHT AND THE URUGUAY ROUND
AGREEMENTS: A NEW ERA OF PROTECTION OR
AN ILLUSORY PROMISE?**

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I. INTRODUCTION

On December 15, 1993, after over seven years of hotly contested, often divisive debate, the Uruguay Round of the Multilateral Trade Negotiations on the General Agreement on Tariffs and Trade ("GATT") was finally concluded. On April 15, 1994, the Marrakesh Declaration, formally accepting the agreements reached during the Uruguay Round and establishing the World Trade Organization ("WTO") (which will administer GATT and other organizations created by the Uruguay Round Agreements), was signed by 111 nations, including the United States. The Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS")¹ reached during those negotiations represents, at its most obvious level, a new understanding of the role of GATT in the arena of international copyright protection. On a more fundamental level, TRIPS represents a new effort to improve copyright owners' ability to protect their copyrightable works internationally by establishing not only agreed-upon minimum levels of substantive rights in such works, but also minimum levels of enforcement of these rights, including certain minimum procedural and remedial standards, under the auspices of GATT dispute resolution mechanisms.

Perhaps most importantly, TRIPS represents a series of compromises between the diametrically opposed views of "developed" countries, who are generally exporters of copyrighted works, and "developing" countries,² who are generally importers of copyrighted works, regarding the scope of protection such works should be afforded. These opposing views, prominent in the Uruguay Round negotiations, demonstrate a fundamental conflict between what has been described as the "technological haves" and the "technological have-nots." The compromises reflected in TRIPS are a preliminary attempt to resolve this conflict. The ultimate success of such

¹ The Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *opened for signature* Apr. 15, 1994, 33 I.L.M. 81 [hereinafter TRIPS].

² For purposes of this Article, the term "developed countries" refers to countries such as the United States, Canada, Japan, members of the European Community, and generally includes the member countries of the Organization for Economic Cooperation and Development ("OECD"). The term "developing countries" refers to those Third World countries which have not reached the general level of industrialization present in the developed countries and includes "less developed countries," members of the "Group of 77," *see infra* note 42, and "newly industrialized countries."

compromises and the impact that they may have on the breadth of copyright protection under TRIPS cannot be predicted with certainty. However, an examination of the scheme of protection established by TRIPS, including those portions of the Uruguay Round Agreements enacted into U.S. law by Congress to ratify and give effect to that scheme, provides at least some basis for predicting the benefits and problems that copyright owners and users can expect as a result of TRIPS.

This Article will explore the history of the Uruguay Round negotiations of TRIPS, particularly as those negotiations provide insight into the final compromises contained in TRIPS concerning copyright. The Article will then examine those portions of TRIPS and the Uruguay Round Agreements Act which concern the protection of copyrightable works. Finally, it will examine whether TRIPS and the Uruguay Round Agreements Act contain the elements necessary to create a new era of international copyright protection or merely offer yet another promise of protection, the actual impact of which will be illusory at best.

II. A SHORT HISTORY OF THE URUGUAY ROUND NEGOTIATIONS

Article XX of the GATT specifically permits measures "necessary to secure compliance with laws or regulations . . . including those relating to . . . the protection of patents, trademarks, and *copyrights* and the prevention of deceptive practices."³ Despite this early recognition that the failure to protect copyright adequately might have an impact on trade, until the Ministerial Declaration of September 20, 1986 ("September 1986 Declaration" or "Declaration"), GATT had played only a small role in the development of international copyright protection norms. In the September 1986 Declaration, which officially launched the Uruguay Round of the Multilateral Trade Negotiations, the Ministers identified "trade related aspects of intellectual property rights, including trade in counterfeit goods" as one of the subjects for negotiation.⁴ The disputes that led to the inclusion

³ General Agreement on Tariffs and Trade, *opened for signature* Oct. 30, 1947, art. 20(d), 61 Stat. A61, 55 U.N.T.S. 262 (emphasis added) [hereinafter GATT].

⁴ *Ministerial Declaration on the Uruguay Round*, GATT Doc. MIN DEC. (Sept. 20, 1986) [hereinafter *Ministerial Declaration*] reprinted in 3 THE GATT URUGUAY ROUND: A NEGOTIATING HISTORY (1986-1992) 1, 7-8 (Terence P. Stewart, ed.; 1993) [hereinafter NEGOTIATING HISTORY]. Among the

of TRIPS as a formal GATT negotiating subject for the Uruguay Round foreshadowed the problems that would bedevil subsequent negotiations.

A. *Uruguay Round Preparatory Work: A Preview Of Future Problems*

Interest by certain developed countries in using GATT as a forum to address intellectual property issues arose primarily as a result of the perceived inability of existing international conventions to resolve the global trade problems posed by an explosion in international trafficking of counterfeit and pirated goods in the late 1970s. The international proliferation of pirated and counterfeit products can be directly attributed to, inter alia, the advent of new technology which made such counterfeiting cheaper and, therefore, more economically feasible, and the absence of an effective international mechanism for requiring other nations to prohibit the manufacture, importation, or sale of such counterfeit goods. Although such counterfeit and pirated goods could, and often did, include copyrighted works, most early efforts against such illicit traffic focused on the need to prohibit the trafficking in counterfeit *trademarked* goods. Over time, however, efforts to utilize GATT to prohibit trademark counterfeiting expanded to include copyright under the umbrella of rights for which a GATT solution to infringement was sought.

The perceived adverse economic impact from this illicit international traffic led the United States and other developed countries to conclude that the absence of a workable international trademark protection mechanism could and did have a direct distorting impact on trade. During the Tokyo Round, the United States spearheaded an unsuccessful effort to negotiate an

additional topics for negotiation identified in the *Ministerial Declaration* were tariffs, non-tariff measures, natural resource-based products, textiles and clothing, agriculture, Multilateral Trade Negotiations ("MTN") Agreements, subsidies and countervailing duties, dispute settlement, and trade related investment measures. *Id.* at 5-8. At various times during the TRIPS negotiations, resolution of conflicts relating to these issues was often linked to the resolution of conflicts arising under another topic. For example, at one point, the United States refused to discuss compromises regarding TRIPS unless and until conflicts regarding agriculture were resolved. This Article will not discuss the context of such negotiations other than to note their existence. For a good overview of the negotiations of the Uruguay Round, including the various conflicts which arose in connection with TRIPS, see NEGOTIATING HISTORY, *supra* note 4.

anti-counterfeiting code prohibiting the importation of counterfeit trademarked products.⁵ Although no agreement was reached prior to the end of the Tokyo Round,⁶ the negotiations set the stage for renewed efforts during the next round to use GATT to combat international trademark counterfeiting.

In 1982, after meeting to establish an agenda for topics to be addressed after the Tokyo Round, the United States submitted a formal proposal advocating further negotiations regarding the adoption of a model

⁵ Although trademark counterfeiting is not a recent development, in the late 1970s the incidence of trademark counterfeiting was on the rise, resulting not only in lost revenues for trademark owners, but also in an increasing concern over the potentially dangerous nature of goods which entered the marketplace without meeting health and safety standards. See, e.g., SENATE COMM. ON THE JUDICIARY, REPORT ON S. 875, S. REP. NO. 526, 98th Cong., 2d Sess. 3-5 (1984); NEGOTIATING HISTORY, *supra* note 4, at 2254. As a result of the increased attention paid to trademark counterfeiting, the International Anti-Counterfeiting Coalition was formed during the Tokyo Round. See *Possible Renewal of Generalized System of Preferences—Part 1: Hearing Before the Subcomm. on Trade of the House Comm. on Ways and Means*, 98th Cong., 1st Sess. 56 (1983) (statement of James L. Bikoff, President, International Anti-Counterfeiting Coalition). This Coalition assisted in drafting a proposed anti-counterfeiting code which became the basis for future negotiations with the European Community. For a discussion on the efforts to include anti-counterfeiting measures within GATT, see generally, Joseph A. Greenwald, *The Protection of Intellectual Rights in GATT and the Uruguay Round: The U.S. Viewpoint*, in CONFLICT AND RESOLUTION IN US-EC TRADE RELATIONS AT THE OPENING OF THE URUGUAY ROUND 229 (Seymour J. Rubin & Mark L. Jones, eds., 1989).

⁶ The Tokyo Round was concluded April 12, 1979. The United States and the European Community did not reach agreement until July 31, 1979, when they introduced a proposed draft code entitled *Agreement on Measures to Discourage the Importation of Counterfeit Goods*. See GATT Doc. No. L/4817 (July 31, 1979). See also LESLIE A. GLICK, MULTILATERAL TRADE NEGOTIATIONS WORLD TRADE AFTER THE TOKYO ROUND 41-42 (1984). This model code did not address the issue of counterfeit copyrighted works. Subsequent negotiations with other countries, including Japan, Canada, and Switzerland resulted in the submission of a slightly revised code in 1982, but did not serve to expand the issue to include copyrighted goods. See *Agreement on Measures to Discourage the Importation of Counterfeit Goods*, GATT Doc. L/5382 (Oct. 18, 1982). See generally 2 NEGOTIATING HISTORY, *supra* note 4, at 2258-61.

anti-counterfeiting code under GATT auspices.⁷ The negative reaction of the developing nations to this relatively limited proposal presaged later conflicts regarding the propriety of utilizing GATT to address copyright protection issues. In particular, Brazil and India (who later spearheaded much of the developing countries' opposition to TRIPS) decried any attempt to include the protection of intangible intellectual property rights under GATT.

This early challenge to GATT jurisdiction for intellectual property matters was never wholly defeated or effectively resolved prior to the start of the Uruguay Round. In fact, when the United States tabled a proposal with the Preparatory Committee⁸ seeking to include all intellectual property rights (including copyright) within GATT negotiations,⁹ the debate between the developed and developing countries regarding the jurisdictional scope of GATT gained renewed vigor. The developing countries considered the inclusion of copyright protection among the issues proposed for inclusion in the Uruguay Round particularly inappropriate given the intangible nature of the rights sought to be protected. The developing countries contended that GATT's jurisdiction was limited solely to the trade impact of tangible goods,¹⁰ and insisted that the World Intellectual Property Organization

⁷ See, e.g., 2 NEGOTIATING HISTORY, *supra* note 4, at 2261; A. Jane Bradley, *Intellectual Property Rights, Investment and Trade in Services in the Uruguay Round*, 23 STAN. J. INT'L L. 57, 66 (1987); GLICK, *supra* note 6, at 151-52.

⁸ In 1984, the council appointed a Preparatory Committee to address the issue of which topics should be included for a new round of multinational negotiations. It was during the work of this Preparatory Committee that the issue of including copyright protection as a GATT negotiating topic was first raised.

⁹ See 2 NEGOTIATING HISTORY, *supra* note 4, at 2263. The proposal was tabled on April 11, 1986.

¹⁰ The representative of Brazil declared that intellectual property rights were a "non-GATT issue." *Preparatory Committee, Record of Discussion, Discussions 8-31 July 1986*, GATT Doc. Com(86)SR/9 (Aug. 26, 1986). The representative of India stated that the protection of intellectual property was "outside the competence of the GATT." The representative of Argentina stated that WIPO, not GATT, was the appropriate forum for the resolution of intellectual property law disputes. *Id.* at 7-8. See generally 2 NEGOTIATING HISTORY, *supra* note 4, at 2263 n.11. For a brief discussion of the legal foundations for this jurisdictional debate, see Monique L. Cordray, *GATT v. WIPO*, 76 J. PAT. OFF. SOC'Y 121 (1994).

("WIPO")¹¹ had exclusive jurisdiction over issues regarding substantive intellectual property rights.¹²

¹¹ The World Intellectual Property Organization is a 147-member specialized agency of the United Nations whose primary purpose is to promote the protection of intellectual property rights. WIPO administers diverse multilateral treaties, including the Paris Convention for the Protection of Industrial Property (covering patent and trademark issues, among others) and the Berne Convention for the Protection of Literary and Artistic Works (covering copyright issues).

¹² As the forum responsible for supervising, inter alia, the Berne Convention, WIPO was perceived by developing countries as the appropriate forum to attempt any negotiated modification in presently agreed-upon international substantive norms for copyright protection. See, e.g., EDWARD S. YAMBRUSIC, *TRADE-BASED APPROACHES TO THE PROTECTION OF INTELLECTUAL PROPERTY* 10 (1992). See also *infra* notes 42, 45, 46-47, and 49. This interplay between GATT and WIPO posed continual problems for both organizations during the Uruguay Round and ultimately led to a compromise that acknowledged a direct relationship between TRIPS and the Berne Convention. See TRIPS, *supra* note 1.

Formal negotiations failed to resolve the conflict.¹³ Eventually, a proposal by the Swiss and Columbian representatives, which represented

¹³ Three proposals were ultimately submitted to the GATT Ministers regarding the inclusion or non-inclusion of intellectual property rights as a basis for discussion during the Uruguay Rounds. The proposal drafted as a compromise by the Swiss and Columbian representatives specifically included intellectual property as a topic for negotiation. This compromise proposal stated:

In order to reduce distortions and impediments to international trade arising from the lack of adequate and effective protection of intellectual property rights, negotiations shall aim:

to promote a more effective and generalized application of existing international standards in intellectual property matters;

to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade; and

to clarify and elaborate rules and disciplines with respect to these matters.

Negotiators shall aim to develop multilateral framework principles, rules and disciplines dealing with international trade in counterfeit goods, taking into account work already undertaken in the GATT.

These negotiations shall be without prejudice to other complementary initiatives that may be taken in the World Intellectual Property Organization and elsewhere to deal with these matters.

See 2 NEGOTIATING HISTORY, *supra* note 4, at 2263 n.117.

Similar to language later incorporated into the September 1986 *Ministerial Declaration*, *supra* note 4, the Swiss-Columbian proposal recognized that any action taken under GATT auspices regarding intellectual property rights had to be developed within a context that recognized and made some accommodation for existing international intellectual property regimes outside of GATT.

Proposals drafted by Brazil and Argentina, by contrast, specifically *excluded* intellectual property as a GATT topic. One of the significant distinctions between the two proposals was the treatment of services. Argentina's proposal included services as a topic while Brazil's did not. Thus, even those countries which at least initially agreed that GATT should not be used to deal with intellectual property issues *per se* could not agree on the precise scope of topics to be included in the Uruguay Round. This lack of agreement would be reflected in future negotiations with shifting blocks of countries who would tie the resolution of intellectual property issues to other, non-intellectual property topics. See generally 3 NEGOTIATING HISTORY, *supra* note 4, at 262-64.

the views of only forty delegates, served as the basis for the September 1986 Declaration formally launching the TRIPS negotiations. Given the lack of uniformity regarding even the desirability of including intellectual property rights as a GATT topic, the issuance of the September 1986 Declaration only served as the opening volley in lengthy, divisive debates regarding GATT's proper role in regulating intellectual property.

B. *The Ministerial Declaration: The Formal Debate Begins*

The September 1986 Declaration identified "trade related aspects of intellectual property rights" as a negotiating topic "[i]n order to . . . ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade."¹⁴ The Declaration emphasized that the purpose of the negotiations was to "clarify GATT provisions and elaborate as appropriate new rules and disciplines" to reduce any "distortions and impediments to international trade."¹⁵ Such negotiations were intended to "develop a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods, taking into account work already undertaken in the GATT."¹⁶ Reflecting the failure to resolve the earlier-expressed concerns of the developing countries regarding the role which GATT initiatives should play in the area, the September 1986 Declaration stated that all negotiations regarding trade related aspects of intellectual property law were to be

¹⁴ *Ministerial Declaration*, *supra* note 4, at 7. The complete reason cited by the Ministers in the September 1986 Declaration for the inclusion of trade related aspects of intellectual property rights as a formal negotiating topic was "to reduce the distortions and impediments to international trade, take into account the need to promote effective and adequate protection of intellectual property rights, and ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade." *Id.* The inclusion of trade related aspects of intellectual property rights represented the first time that such issues had been formally declared as a negotiating topic in multinational trade negotiations under GATT. For a more detailed discussion of the developments surrounding this expansion to include intellectual property rights as a topic for GATT consideration, see *infra* part III.

¹⁵ *Ministerial Declaration*, *supra* note 4, at 7.

¹⁶ *Id.* at 8.

"without prejudice to other complementary initiatives that may be taken in WIPO and elsewhere to deal with these matters."¹⁷

The Negotiating Plan for TRIPS, established January 28, 1987, exhibited the continuing debate regarding the propriety of GATT jurisdiction.¹⁸ The first formal proposal for achieving the negotiating ends under the Negotiating Plan was submitted by the United States on October 16, 1987, and reflected the U.S. view that intellectual property rights protected under GATT should include more than protection against trademark counterfeiting.¹⁹ While not abandoning the issue of protection against trademark counterfeiting under GATT auspices, the U.S. proposal sought the establishment of agreed-upon minimum substantive norms under

¹⁷ *Id.*

¹⁸ *Decisions of January 28, 1987*, GATT Doc. 1405 (Feb. 5, 1987), reprinted in 2 NEGOTIATING HISTORY, *supra* note 4, at 11-25. In the initial stages of negotiation concerning TRIPS, the Negotiating Plan emphasized the need to examine whether GATT could or should be used to resolve intellectual property issues. The Negotiating Plan identified the following steps to be taken during the initial (descriptive) phase of the negotiations:

1. Identification of relevant GATT provisions and examination of their operation on the basis of suggestions by participants for achieving the Negotiating Objective and of factual information by the Secretariat as required.
2. Initial examination of the specific suggestions and of the procedures and techniques that might be used to implement them.
3. Consideration of the relationship between the negotiations in this area and initiatives in other fora.
4. Collection of information from relevant sources.

Id. at 22-23. Another topic specifically included in the initial phase of the Negotiating Plan was the examination of the issue of trade in counterfeit goods. Once the initial descriptive negotiating phase was completed, the Negotiating Plan anticipated "further examination of the specific suggestions and of the procedures and techniques that might be used to implement them." *Id.* Tabling of specific texts by interested participants were also anticipated in the second phase. *Id.* Five meetings were held in 1987 during the initial negotiating phase. *Id.* at 2266.

¹⁹ See YAMBRUSIC, *supra* note 12, at 88-95; see also *United States Proposal for Negotiations on Trade-Related Aspects of Intellectual Property Rights*, GATT Doc. MTN.GNG/NG11/W/14.

GATT for the protection of all types of intellectual property, including copyright. The United States believed that such norms would serve as an effective deterrent to trade distortions caused by the infringement of intellectual property rights, and proposed that such norms be based on existing international conventions. In order to assist nations in harmonizing their national intellectual property laws with such agreed-upon international standards, the United States further proposed that parties to the agreement provide technical assistance to such countries.²⁰

The initial U.S. proposal received relatively little support. By the end of 1989, proposals had been submitted by seventeen nations and negotiating groups, including the Nordic States,²¹ Canada,²² Switzerland,²³ Australia,²⁴ Austria,²⁵ New Zealand,²⁶ Hong Kong,²⁷ The Republic of Korea,²⁸ Brazil,²⁹

²⁰ The United States also sought the development and implementation of effective border controls and the development of a multilateral dispute settlement mechanism under GATT to resolve further problems.

²¹ GATT Doc. MTN.GNG/NG11/W/22 reprinted in YAMBRUSIC, *supra* note 12, at 151-55.

²² GATT Doc. MTN.GNG/NG11/W/47 reprinted in YAMBRUSIC, *supra* note 12, at 156-61.

²³ GATT Doc. MTN.GNG/NG11/W/42 reprinted in YAMBRUSIC, *supra* note 12, at 161-65.

²⁴ GATT Doc. MTN.GNG/NG11/W/35 reprinted in YAMBRUSIC, *supra* note 12, at 165-70.

²⁵ GATT Doc. MTN.GNG/NG11/W/55 reprinted in YAMBRUSIC, *supra* note 12, at 170-73.

²⁶ GATT Doc. MTN.GNG/NG11/W/46 reprinted in YAMBRUSIC, *supra* note 12, at 173-74.

²⁷ GATT Doc. MTN.GNG/NG11/W/51 reprinted in YAMBRUSIC, *supra* note 12, at 175-77.

²⁸ GATT Doc. MTN.GNG/NG11/W/48 reprinted in YAMBRUSIC, *supra* note 12, at 177-80.

²⁹ GATT Doc. MTN.GNG/NG11/W/57 reprinted in YAMBRUSIC, *supra* note 12, at 180-83.

Peru,³⁰ India,³¹ the European Community,³² Thailand,³³ Mexico,³⁴ Japan,³⁵ and Bangladesh.³⁶ The proposals were as varied as the interests of the proposing parties. However, the major disagreements among the various participants primarily concerned two issues: the jurisdictional role of GATT in the development of international intellectual property norms and procedures and the impact of such norms and procedures on the ability of developing countries to compete effectively in the world market. These fundamental disputes existed at the beginning of the Uruguay Round and formed the backdrop against which all subsequent TRIPS negotiations occurred. The compromises achieved in resolving these disputes are largely responsible for the concerns examined in this Article regarding the effectiveness of the TRIPS Agreement. In order to appreciate fully the decisions reached during the Uruguay Round, it is necessary to understand the broad economic, political, and philosophical concerns underlying this debate.

C. *The Jurisdictional Debate—GATT Or WIPO?*

As noted above, from the initial preparatory work prior to the September 1986 Declaration commencing the Uruguay Round, many developing countries, including Brazil and India, hotly contested the ability or propriety of GATT to establish substantive norms in the area of intellectual property protection. The position of these developing countries was that if there was any need for the development of international norms

³⁰ GATT Doc. MTN.GNG/NG11/W/45 reprinted in YAMBRUSIC, *supra* note 12, at 183-84.

³¹ GATT Doc. MTN.GNG/NG11/W/37 reprinted in YAMBRUSIC, *supra* note 12, at 185-87.

³² GATT Doc. MTN.GNG/NG11/W/26. For the sake of consistency, the term "European Community" or "EC" refers to the actions of those countries which form the "Common Market," since this term was used at the beginning of the Uruguay Round.

³³ GATT Doc. MTN.GNG/NG11/W/27.

³⁴ GATT Doc. MTN.GNG/NG11/W/29.

³⁵ GATT Doc. MTN.GNG/NG11/W/43.

³⁶ GATT Doc. MTN.GNG/NG11/W/50.

in, for example, the copyright area, WIPO was the proper forum.³⁷ Part of the reluctance to use GATT as a forum for addressing the desirability of new or additional international standards for intellectual property protection derived from the perception of many of these countries that GATT was primarily a forum for the "have" nations.³⁸ Thus, many developing countries were concerned that their needs would not be given sufficient consideration in the GATT arena.³⁹ Furthermore, to the extent that international norms might be required, these countries believed that the Berne Convention,⁴⁰ with its emphasis on national treatment, had already dealt with the issue and that any changes which might be required should be dealt with only by WIPO, which had responsibility for overseeing the Convention.⁴¹ As an East German representative indicated in support for a statement by Cuba on

³⁷ See *supra* notes 11-12, 14-15; see also *infra* notes 38, 42-46.

³⁸ See YAMBRUSIC, *supra* note 12, at 10, 80-81. In order to overcome this perception, one of the goals cited by the United States in support of its proposal to establish intellectual property norms under GATT was to provide an incentive to non-contracting countries to join GATT. See GATT Doc. MTN.GNG/NG11/W/14.

³⁹ *Id.*

⁴⁰ Berne Convention for the Protection of Literary and Artistic Works, July 24, 1974, art. 33, 828 U.N.T.S. 221, 275, 277 [hereinafter Berne Convention].

⁴¹ See, e.g., Willard A. Staback, Note, *International Intellectual Property Protection: An Integrated Solution to the Inadequate Protection Problem*, 29 VA. J. INT'L L. 517, 540-41 (1989).

behalf of the "Group of 77"⁴² challenging the use of GATT to address intellectual property issues:

The strong international links between economy, science, technology and culture do not exclude other organizations or agreements in their activities to be concerned with the problems of implementing intellectual property rights However, for legal certainty and comprehensiveness, the competence of WIPO and its direct participation should be maintained since the solution of these problems belongs to the scope of its duties.⁴³

By contrast, the developed countries, including the United States, were strongly dissatisfied with efforts to resolve existing copyright issues under WIPO auspices.⁴⁴ While developing countries saw WIPO as a generally hospitable forum for their concerns,⁴⁵ many developed countries

⁴² The "Group of 77" was organized during the first United Nations Conference on Trade and Development ("UNCTAD") in Geneva in 1965 and is composed of less developed countries. The stated aim of the group was to organize developing countries so that they could speak with one voice, thereby gaining increased negotiating clout. Some commentators, however, viewed the Group of 77 as representative of an ideological split between democracies who put their faith in economic growth and Third World countries who sought a redistribution of wealth to less technologically developed countries. See, e.g., YAMBRUSIC, *supra* note 12, at 10 n.15 (and sources cited therein). This perceived ideological split led the United States and other developed countries to distrust certain fora since developing countries often used discussions at the United Nations, and its specialized agencies such as WIPO, as vehicles for advancing political objectives, including mandatory transfer of technology from the "haves" to the "have nots." *Id.*; see also Donald E. deKieffer, *U.S. Trade Policy Reporting Intellectual Property Matters*, in INTERNATIONAL TRADE AND INTELLECTUAL PROPERTY, THE SEARCH FOR A BALANCED SYSTEM 97, 99 (George R. Stewart et al., eds., 1994) [hereinafter deKieffer].

⁴³ *GATT Negotiating Group Sets Talks This Week on U.S. Proposal, WIPO Will Join Discussion*, 4 INT'L TRADE REP. 1358, 1359 (1987) (quoting East German delegate Joachim Hemmerling); see also *supra* note 10.

⁴⁴ See, e.g., Greenwald, *supra* note 5, at 232-33; deKieffer, *supra* note 42, at 98-99.

⁴⁵ See *supra* note 42; *infra* note 47.

considered it to be indifferent to their needs at best and hostile at worst, in view of renewed efforts by some developing countries to use WIPO to lessen the level of protection established under the Berne Convention.⁴⁶ The developed countries perceived GATT as providing a forum where an international consensus could be reached regarding the scope of protection for works not covered by the Berne Convention—including software and computer databases—outside the potentially politicized open meetings required by WIPO.⁴⁷ Finally, developed countries sought to rectify a perceived lack of adequate enforcement mechanisms under the Berne Convention. Although Article 33 of the Berne Convention provides that disputes can be brought before the International Court of Justice,⁴⁸ at the time of the Uruguay Round negotiations not one dispute had been brought in over forty-five years.⁴⁹ Because WIPO had no other enforcement procedures for assuring that a member's laws complied with Berne's agreed-upon minimums, the developed countries sought to establish an enforcement mechanism under GATT which would force full compliance by all member countries.

⁴⁶ See, e.g., Greenwald, *supra* note 5, at 239; Cordray, *supra* note 10, at 137. Some developing countries had already sought to reduce existing intellectual property protection under WIPO on the theory that such property is the "common heritage" of mankind and should be freely available to all. Such free availability, they believe, included the right of transfer to developing countries without payment of compensation. See Greenwald, *supra* note 5, at 239; J.H. Reichman, *Intellectual Property in International Trade: Opportunities and Risks of a GATT Connection*, 22 VAND. J. TRANSNAT'L L. 747, 761-66 (1989).

⁴⁷ WIPO meetings were almost always open meetings, thereby offering developing countries the opportunity for "political grandstanding at the expense of substantive discussion." deKieffer, *supra* note 42, at 99. By contrast, most GATT negotiations were generally conducted "outside the public spotlight, and the rhetoric used by the participants was genteel by contrast." *Id.*

⁴⁸ Berne Convention, *supra* note 40.

⁴⁹ See, e.g., deKieffer, *supra* note 42, at 99 n.9. Part of the reason for the lack of enforcement is the requirement under the U.N. Charter that a judgment by the International Court of Justice can only be enforced by voluntary cooperation or by referral to the Security Council. Since it is doubtful the Security Council would act to enforce an intellectual property judgment, absent consent, any such judgment would have no impact on the challenged conduct.

Much of the debate regarding GATT versus WIPO jurisdiction was largely resolved by 1987, when WIPO was granted observer status in GATT negotiations on TRIPS.⁵⁰ Debates regarding the balance to be struck between Berne Convention and non-Berne Convention issues of copyright protection, however, continued to be infected by this underlying jurisdictional debate.

D. *Property Rights, National Interest, And The Access To Technology*

Similar to the debate over GATT jurisdiction, many developing countries challenged any effort by the developed countries to establish TRIPS standards that would adversely affect such countries' ability to utilize copyright protected works to assist in their internal economic growth. Copyrighted works have played a unique role in the development of industrialized nations. From the early days of the printing press to the invention of the CD-ROM and its production and distribution in China in the 1990s, developing countries have often utilized the ability to reproduce and market foreign authors' copyright protected works as the backbone of economic progress.⁵¹ Developing countries generally do not possess a large body of copyrighted works created by their own authors which can be distributed internationally.⁵² In the absence of sufficient nationally-created works, such developing nations often use copyrighted works of other nations. Even the United States, in its early days, used its copyright laws in order to protect its nascent publishing industry. In the first century of U.S. copyright law, foreign authors were unable to protect their works from the voracious requirements of the U.S. domestic publishing industry.⁵³

⁵⁰ A WIPO representative attended a TRIPS negotiating session for the first time on October 27, 1987. 2 NEGOTIATING HISTORY, *supra* note 4, at 2270 n.54.

⁵¹ See, e.g., Donald E. Saunders, AUTHORSHIP AND COPYRIGHT 154-61 (1992); Robert W. Kastenmeier & David Beier, *International Trade and Intellectual Property: Promise, Risks, and Reality*, 22 VAND. J. TRANSNAT'L. 285, 301-02 (1989).

⁵² See, e.g., Staback, *supra* note 41, at 521 n.17.

⁵³ See *supra* note 51.

The need for access by developing countries to copyright protectable works has arguably grown more severe in the present technologically driven global economy. Much technology, including software, firmware, and robotics, contains, in whole or in part, potentially copyright protectable elements. Thus, attempts to restrict a nation's internal access to such technology through the enactment of international protection norms or procedures are seen by some developing countries as a direct threat to their ability to play a significant role in the world economy.⁵⁴

Many of these concerns were expressed either directly or indirectly by the developing countries during the Uruguay Round debates. Brazil, which became one of the leading representatives for the interests of the developing countries, stressed in its initial proposal that any proposal regarding "standards and principles concerning the availability, scope and use of trade-related intellectual property rights . . . should take fully into account the need to . . . respect national development objectives and national public interests [and] facilitate the development of and the access to modern technology."⁵⁵ Korea similarly stressed that the need for "[d]ue consideration should be given to the public policy objectives underlying in each national system"⁵⁶ and cautioned that "[i]f the agreement does not take into account each nation's different interests including different levels of development in the fields of [intellectual property rights], it will be very hard to expect full participation and then, the trade distortion problems in this field would still remain."⁵⁷ India, which had initially challenged the propriety of using GATT

⁵⁴ See, e.g., Staback, *supra* note 41, at 533-40; Cordray, *supra* note 10, at 137; J. H. Reichman, *The TRIPS Component of the GATT's Uruguay Round: Competitive Prospects for Intellectual Property Owners in an Integrated World Market*, 4 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 171, 222-23 (1993).

⁵⁵ GATT Doc. MTN.GNG/N611/W/57 reprinted in YAMBRUSIC, *supra* note 12, at 181.

⁵⁶ YAMBRUSIC, *supra* note 12, at 177.

⁵⁷ The Korean proposal also suggested that "[r]easonable transitional agreements and procedures of transfers of technology should be allowed for the adjustment of each participating country's domestic regulation, especially in new areas for which there exists no international agreement." *Id.*

Other developing countries' proposals reflected similar concerns. Peru's proposal succinctly summarized the basic conflict between

to deal with intellectual property rights, continued to insist that a distinction be drawn between border enforcement of intellectual property rights, which India supported, and internal enforcement norms and procedures, which it argued should *not* be impacted by GATT. In India's view, the only role that GATT should or could play in the debate over internal enforcement of intellectual property rights was to establish general procedural principles, such as the need for "simple, effective and adequate enforcement procedures

developed and developing countries with regard to the desirability of an international norm for intellectual property rights protection when it stated: "Given the restrictive and monopolistic nature of intellectual property rights, it is essential that all countries should be able to adjust their protective systems to their national development programmes and ensure the transfer of technology from countries that are advanced in that field." *Id.* at 183. As a result of this "hostile" view to intellectual property rights protection, Peru proposed the following negotiating guidelines (among others):

- (a) To strike a balance between the encouragement of creativity, adequate protection and the attainment of economic and social development objectives and needs;
- (b) To increase the real and effective transfer of technology and the flow of scientific knowledge towards the developing countries;
- (c) To avoid the emergence or development of further new barriers to the circulation of scientific knowledge and technological knowledge; and
- (d) To maintain the State's sovereign right to regulate its national system of protection in accordance with development objectives.

Id.

Mexico echoed other developing nations' concerns when it stated: "The negotiating objective regarding the improvement of intellectual property rights should not become a barrier to access by developing countries to technologies produced in developed countries." 2 NEGOTIATING HISTORY, *supra* note 4, at 2267 n.140 (quoting *Statement Made by the Delegation of Mexico at the Meeting of 17, 18, and 21 October 1988*, 2, GATT Doc. MTN.GNG/NG11/W/30 (Oct. 19, 1988)). The Mexican proposal went on to stress that "any results obtained in this Group would necessarily have to include more flexible elements for the use of such technology by developing countries, since countries with different levels of development could not respond in the same way to each of the trade and intellectual property aspects." *Id.* at 2268 n.140.

to enable expeditious action against infringement."⁵⁸ However, any determination of whether such acts constituted "infringement" should be left to each country's national laws.

While developing countries emphasized the role of intellectual property as an instrument of public policy, thus underscoring the perceived need to permit unfettered internal use of such material, developed countries uniformly viewed intellectual property as embodying pure property rights, entitled to comprehensive international protection in order to assure a full economic return to creators and owners.⁵⁹ Reducing the potential for uncompensated, infringing uses by enacting and enforcing national protection norms was perceived as beneficial for both developed and developing countries. By assuring a higher economic return to the creators of copyrighted works, such norms would encourage authors in developing nations to expend the necessary research and development funds to develop their own works, including technology, which could then be exported.⁶⁰

Debates regarding the compromise to be struck between the need to protect copyrighted works and the need to assure useful access to such works by developing countries continued throughout the TRIPS negotiations. The compromises reached in resolving these differences were hard-fought and, as discussed more fully below, may have fatally affected the effectiveness of the norms established under TRIPS.

E. *The Major Copyright Law Debates*

In addition to debates between developing and developed countries over jurisdiction and access to technology, the scope of substantive copyright norms established under TRIPS was also hotly debated. While debates regarding GATT jurisdiction and access to technology generally occurred among developing and developed countries (often referred to as the "North-

⁵⁸ GATT Doc. MTN.GNG/NG11/W/40 at 2, reprinted in YAMBRUSIC, *supra* note 12, at 187.

⁵⁹ See, e.g., Kirstin Peterson, Note, *Recent Intellectual Property Trends in Developing Countries*, 33 HARV. INT'L L.J. 277, 278-81 (1992); Reichman, *supra* note 54, at 254-55; Cordray, *supra* note 10, at 137-38.

⁶⁰ See *supra* notes 58, 59.

South" debates),⁶¹ debates regarding the scope of acceptable substantive norms under TRIPS (once agreement was reached that some substantive norm should be established under GATT) generally occurred among the developed nations. These so-called "North-North" debates⁶² were often as hotly contested as the North-South debates and represented an effort by various developed countries or groups of countries, such as the United States, Japan, and the European Community, to establish GATT norms that closely resembled their own internal intellectual property systems. The debate regarding the scope of protection for copyrighted works under TRIPS generally focused on protection for moral rights, for neighboring rights, for computer software and databases, and provisions for compulsory licensing and rental rights.

1. Moral Rights⁶³

The right of an author to protect the integrity and patrimony of his or her creative work, in those countries which recognize such moral rights, arise not from his or her right to receive an economic benefit from the exploitation of the created work, but from the moral or natural right to protect the creative value of the work. The existence of these inalienable moral rights, which exist independent of any economic right, are recognized and required in Article *6bis* of the Berne Convention.⁶⁴ Despite U.S.

⁶¹ 2 NEGOTIATING HISTORY, *supra* note 4, at 2287.

⁶² *Id.*

⁶³ The term "moral rights" is used to refer to the inalienable rights that an author has to protect the integrity of a copyrightable work. Included among an author's moral rights are the right to be known as the author of the work ("right of paternity") and the right to prevent others from making changes which adversely affect the author's reputation ("right of integrity"). See 17 U.S.C.A. § 106A (West Supp. 1995).

⁶⁴ Article *6bis* states: "Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation." Berne Convention, *supra* note 40, art. *6bis*.

adherence to the Berne Convention in 1989,⁶⁵ the United States continued to insist during the Uruguay Round that only the "economic rights provided in the Berne Convention"⁶⁶ be adopted into TRIPS. Among the developed countries that submitted drafts, the United States was the only one which sought to exclude moral rights.

2. Neighboring Rights⁶⁷

The rights of performers, broadcasters, and producers of sound recordings to protect their works from infringement is generally governed internationally by the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations ("Rome Convention"). The Rome Convention provides for national treatment⁶⁸ and grants for a twenty-year period of protection⁶⁹ the following

⁶⁵ See The Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (codified in scattered sections of 17 U.S.C.). One of the areas of greatest contention in the debate concerning adherence to the Berne Convention was Article 6bis and its requirement that moral rights be protected. Under the Berne Convention, the United States did not amend its copyright laws to require such protection. Instead, it contended that such protection was already available through a combination of privacy, libel, false advertising, and misappropriation laws. REPORT ON THE BERNE CONVENTION IMPLEMENTATION ACT OF 1988, S. REP. NO. 352, 100th Cong., 2d Sess. 9-10 (1988). Since WIPO has no body to monitor or enforce compliance, this position would not prejudice U.S. membership in the Berne Convention even if it were later found to be incorrect.

⁶⁶ GATT Doc. MTN.GNG/NG11/W/70 art. I; see also 2 NEGOTIATING HISTORY, *supra* note 4, at 2289.

⁶⁷ "Neighboring rights" refers to the rights of performers, producers and broadcasters of sound recordings ("phonograms") to protect their work from unauthorized use. Such rights may be of particular importance to developing countries with strong oral traditions. Although expressions of folklore are not generally copyrightable, the performance, fixation, and broadcast of such expressions would be protectable as a neighboring right. See, e.g., Reichman, *supra* note 54, at 219 (and sources cited therein).

⁶⁸ International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Oct. 26, 1961, arts. 5-7, 496 U.N.T.S. 43 [hereinafter Rome Convention].

⁶⁹ *Id.* art 14.

rights: to phonogram⁷⁰ producers the right to "authorize or prohibit the direct or indirect reproduction of their phonograms,"⁷¹ to "broadcasting organizations" the right to authorize or prohibit . . . the rebroadcasting of their broadcasts,⁷² and to performers the right to prevent the unauthorized fixation and/or reproduction and/or broadcast and "communication to the public" of their unfixed performances.⁷³ The United States is not a signatory to the Rome Convention and took the position in its original draft TRIPS proposal that such rights should not be incorporated since relatively few nations had acceded to the Convention.⁷⁴ By contrast, the proposals of the Nordic States, the European Community, and the Swiss stressed the need for the protection of both performer and broadcast rights.⁷⁵

3. Protection Of Computer Software And Databases

Most developing nations did not dispute the propriety of protecting computer software under TRIPS. The United States, Japan, the Nordic States, and the European Community, in their drafts, all advocated the protection of computer software as a "literary work" under the Berne Convention. Therefore, in their view, computer software was entitled to copyright protection under TRIPS. Differences in treatment arose, however, in connection with the scope of any exceptions to be granted. The United States, for example, preferred no exceptions and included in the category of protected software "databases of protected or unprotected material or data

⁷⁰ "[P]honogram" is defined as "any exclusively aural fixation of sounds of a performance or of other sounds." *Id.* art. 3(b). This term is roughly equivalent to the term "phonorecord" which appears in the 1976 Copyright Act, as amended, and refers generally to records, compact discs, and other material objects in which sounds are fixed. *See also infra* note 94. Since the term "phonogram" is used in TRIPS, it has been used throughout the Article to refer to fixations of sounds.

⁷¹ *Id.* art. 10.

⁷² *Id.* art. 13.

⁷³ *Id.* art. 7.

⁷⁴ As of January 1991, only thirty-five states had adhered to the Rome Convention.

⁷⁵ *See, e.g.,* YAMBRUSIC, *supra* note 12, at 117-18, 163.

whether in print, machine readable or any other medium which shall be protected as collections or compilations if [such databases] constitute intellectual creation by reason of the selection, coordination, or arrangement of their contents."⁷⁶ By contrast, the European Community sought to exclude "interfaces"⁷⁷ and did not expressly include computer databases among the works to be protected.⁷⁸ The Japanese proposal, while recognizing the general protectability of computer software, expressly excluded "any programming language, rule or algorithm used for making such works."⁷⁹

4. Compulsory Licensing And Rental Rights

Many countries require copyright owners to enter into compulsory licensing as a compromise between a copyright owner's economic interest in compensation and a public policy that allows unrestricted use of such works as an incentive to industrial growth. Essentially, the copyright owner receives an established royalty in exchange for a compelled license of the work. The collection of royalties required under a compulsory licensing system is often managed by collective licensing societies. On its face, such a collective licensing system may provide an acceptable balance between a copyright owner's economic interests and a nation's public policy interests. Restrictions on the ability of a copyright owner to receive the designated royalty, however, can undermine the benefits otherwise available under such a system.

None of the developed countries seriously challenged the right of any country to provide for compulsory licensing agreements. The United States, however, objected to certain compulsory licensing schemes such as the French video levy which restricted recovery by foreign owners for a levy on blank videocassettes (to compensate copyright owners from losses due to home taping) to monies collected solely for authors. French companies, by

⁷⁶ GATT Doc. No. MTN.GNG/NG11/W/70 art. 2(1); *see also* 2 NEGOTIATING HISTORY, *supra* note 4, at 2290-91.

⁷⁷ Interfaces provide compatibility between software and hardware, thus arguably permitting competitors to provide software which can be used on different computer systems.

⁷⁸ *See* 2 NEGOTIATING HISTORY, *supra* note 4, at 2290-91.

⁷⁹ *Id.*

contrast, could recover from the author's fund, the fund for performers, and the fund for French videogram producers. The United States objected to any exception to national treatment that would allow such discriminatory licensing schemes to remain unchallenged.⁸⁰

The United States also objected to any provision that would allow for the rental of copyrighted phonorecords. Under U.S. copyright law, phonorecords may not be rented or otherwise distributed without the permission of the copyright owner.⁸¹ By contrast, Japan permits the unrestricted rental of phonorecords. Japanese law allows Japanese companies to ban rentals during the first year but allows no such ban by foreign record companies.⁸² The United States sought a standard in TRIPS identical to its own laws, which would prohibit commercial rental of phonorecords without the copyright owner's permission.

III. THE TRIPS AGREEMENT: VICTORY AND COMPROMISE

The divergence of views represented by the jurisdictional and substantive debates discussed above appeared at times to preclude an agreement regarding the treatment of trade-related intellectual property rights in the Uruguay Round. Although a detailed discussion of the negotiating history is beyond the scope of this Article, throughout the negotiations TRIPS remained one of the politically sensitive issues. Contrary to expectations, although disagreements between developed and developing countries continued throughout the negotiating sessions, as noted above, strong disagreements also arose among developed countries regarding the scope of substantive rights to be protected. TRIPS negotiations were often suspended while TRIPS was linked with various other GATT trade issues. Consequently, a final agreement on TRIPS was not reached until late in

⁸⁰ See, e.g., YAMBRUSIC, *supra* note 12, at 104; 2 NEGOTIATING HISTORY, *supra* note 4, at 2280-81.

⁸¹ Originally, only phonorecords were subject to exemption under the first sale doctrine codified in 17 U.S.C. § 109. The prohibition against rental of copyrighted works has subsequently been extended to include computer software. See 17 U.S.C. § 109(b) (1994).

⁸² See 2 NEGOTIATING HISTORY, *supra* note 4, at 2281.

1993.⁸³ Given the widely divergent positions of the participants before the beginning of the Uruguay Round, it is not surprising that TRIPS represents an accommodation of interests. Unfortunately, this accommodation may have eviscerated the benefits of the Agreement.

A. *The Establishment Of International Copyright Norms*

Perhaps the most important compromise reached between the developing and developed countries in TRIPS was the acceptance by the developing countries of GATT jurisdiction and the establishment of minimum standards and rules for intellectual property protection. These minimum standards and rules include a recognition of national treatment as the standard for international copyright protection⁸⁴ and reliance on the Berne Convention for most substantive copyright standards. Under Article 9 of TRIPS, all members⁸⁵ must comply with Articles 1 through 21 of the Berne Convention (Paris Text) and its Appendix.⁸⁶ In addition to the requirements of Berne, Article 9(2) of TRIPS expressly affirms that copyright protection extends to "expressions" and not to "ideas, procedures, methods

⁸³ The Final Agreement largely emerged from a draft compiled in December of 1991 by Arthur Dunkel, the GATT Director-General. Referred to as the "Dunkel Draft," this document became the draft Final Agreement. The TRIPS portion of the Dunkel Draft contained all of the enumerated Articles later embodied in the Final Agreement and was accepted with relatively few changes. See TRIPS, *supra* note 1. For a review of the provisions of the Dunkel Draft and some of the issues posed by this draft, see generally Al J. Daniel, Jr., *Intellectual Property in the Uruguay Round: The Dunkel Draft and a Comparison of United States Intellectual Property Rights, Remedies, and Border Measures*, 25 N.Y.U. J. INT'L L. & POL. 751 (1993).

⁸⁴ TRIPS, *supra* note 1, art. 3.

⁸⁵ Although the term "contracting countries" is often used to refer to nations who are signatories to GATT, the term "members" is used in TRIPS to refer to nations who are signatories of the Uruguay Round Agreements (including TRIPS) and members of the WTO. Consequently, the term "member" or "member nation" is used throughout this article to refer to those countries who are or will become signatories to TRIPS.

⁸⁶ TRIPS, *supra* note 1, art. 9(1).

of operation or mathematical concepts as such."⁸⁷ TRIPS also extends the copyright term for all works calculated on a basis other than the life of a natural person to "no less than fifty years."⁸⁸ This fifty-year term is to be marked either from the end of the calendar year of authorized publication of the work or, where no such authorized publication occurs, within fifty years from the "making" of the work, measured from the end of the calendar year of its "making."⁸⁹

1. Protection Of Computer Software And Databases

In addition to extending protection to the "literary and artistic" works protected under the Berne Convention,⁹⁰ TRIPS specifically includes computer programs as protected expression, "whether in source or object code."⁹¹ Such programs are to be considered as literary works under Berne. In addition, the U.S. proposal to protect "compilations of data or other

⁸⁷ *Id.* art. 9(2).

⁸⁸ *Id.* art. 12.

⁸⁹ *Id.*

⁹⁰ Article 2 of the Berne Convention includes in its definition of "literary and artistic works . . . every production in the literary, scientific, and artistic domain whatever may be the mode or form of its protection." Berne Convention, *supra* note 40, art. (2)(1). Among the enumerated works included in this definition are:

books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatic-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.

Id.

⁹¹ TRIPS, *supra* note 1, art. 10(1).

material, whether in machine readable or other form" was adopted.⁹² In order to make protection mandatory, however, such computer databases must constitute "intellectual creations" by reason of "the selection or arrangement of their contents."⁹³ While databases are considered protected compilations if they evidence sufficient "intellectual creation," TRIPS does not require protection for any "data or material" contained in such databases unless it is subject to separate protection apart from its status as a component of the entire database.⁹⁴

2. Commercial Rental Rights

TRIPS requires member countries to provide authors and their successors in title with the right to control the commercial rental to the public of both originals and copies of computer programs, cinematographic works, and phonograms.⁹⁵ In connection with the rental of cinematographic works, TRIPS allows countries to avoid granting such rental rights unless the rental of these works "has led to widespread copying of such works," which is "materially impairing the exclusive right of reproduction conferred in that member" country or their authors.⁹⁶

TRIPS does not exempt computer software or phonograms. However, exclusive rental rights are avoided for computer software rentals "where the program itself is not the essential object of the rental."⁹⁷ With regard to the commercial rental of phonograms, any system for equitable

⁹² *Id.* art. 10(2).

⁹³ *See id.*

⁹⁴ *Id.* Article 10(2) specifically provides that any protection for a computer data base shall be "without prejudice to any copyright subsisting in the data or material itself." *Id.*

⁹⁵ *Id.* arts. 11, 14(4). Although U.S. copyright law uses the term "phonorecord" to refer to records, compact discs, and other material objects in which sounds are fixed, Articles 11 and 14 of TRIPS use the term "phonogram." This term is derived from the Rome Convention. *See supra* note 69.

⁹⁶ *Id.* art 11.

⁹⁷ *Id.*

remuneration for right holders in force as of April 15, 1994 (the date of the Ministerial Meeting concluding the Uruguay Round) may be maintained so long as such system "is not giving rise to the material impairment of the exclusive rights of reproduction of right holders."⁹⁸

3. Neighboring Rights

Neighboring rights under TRIPS receive fairly extensive protection. Performers have the right to prohibit the unauthorized fixation and broadcast "by wireless means" and "communication to the public" of their live performances.⁹⁹ They also have the right to prevent the reproduction of bootleg recordings of such performances.¹⁰⁰ These rights last "at least until the end of a period of fifty years computed from the end of the calendar year in which the unauthorized fixation was made or the performance took place."¹⁰¹ Producers of phonograms are expressly given the right to control the "direct or indirect reproduction of their phonograms."¹⁰² This right similarly lasts for fifty years from the end of the calendar year in which the performance took place or the fixation occurred.¹⁰³ In addition, broadcasting organizations have the right to prohibit the unauthorized fixation, reproduction, or rebroadcast "by wireless means" of their broadcasts. They also have the right to prohibit the unauthorized "communication to the public of such television broadcasts."¹⁰⁴ These rights last for twenty years from the end of the calendar year in which the broadcast took place.¹⁰⁵

Any rights granted by member nations to performers, producers, and broadcasting entities under TRIPS may provide for "conditions, limitations,

⁹⁸ TRIPS, *supra* note 1, art. 14(4).

⁹⁹ *Id.* art. 14(1).

¹⁰⁰ *Id.*

¹⁰¹ *Id.* art. 14(5).

¹⁰² *Id.* art. 14(2); *see supra* note 95.

¹⁰³ *Id.* art. 14(5).

¹⁰⁴ TRIPS, *supra* note 1, art. 14(3).

¹⁰⁵ *Id.* art. 14(5).

exceptions and reservations" to the extent permitted by the Rome Convention.¹⁰⁶ Such "conditions, limitations, exceptions and reservations" arguably include the right to deny a public performance right to producers and performers of sound recordings, to impose reciprocity as opposed to national treatment for foreign phonogram producers, and to permit, without compensation to the right holder, private use and use for teaching or scientific research.¹⁰⁷

4. Enforcement Procedures

In addition to establishing minimum international substantive norms for copyright protection, TRIPS also provides minimum *procedural* norms for enforcement. Among the procedural norms is the requirement that enforcement procedures available under a member's national laws "permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringement."¹⁰⁸ All such procedures must be "fair and equitable"¹⁰⁹ and cannot be "unnecessarily complicated or costly"¹¹⁰ or "entail unreasonable

¹⁰⁶ *Id.* art. 14(6).

¹⁰⁷ *See, e.g.,* Rome Convention, *supra* note 68, art. 12, 15, 16. *See generally* Reichman, *supra* note 54, at 216-18. These reservations, however, remain subject to Article 18 of the Berne Convention governing copyright protection restoration. TRIPS, *supra* note 1, art. 14(6). Furthermore, Article 1(3) requires that any member "availing itself of the possibilities provided in [Article 5(b) (limiting protection to phonograms *produced* by a foreign national) and Article 6(2) (limiting protection to broadcasting organizations with a foreign headquarters situated in the same country as the transmitter)] of the Rome Convention" must notify the Council for Trade-Related Aspects of Intellectual Property Rights established under the Agreement. *Id.* art. 1(3). Article 3(1) requires similar notification by a member "availing itself of the possibilities provided in [Article 16(1)(b) (excluding communications to the public of television broadcasts where access is achieved through payment of an entrance fee)] of the Rome Convention." *Id.* art. 3(1).

¹⁰⁸ TRIPS, *supra* note 1, art. 41(1).

¹⁰⁹ *Id.* art. 41(2).

¹¹⁰ *Id.*

time limits or unwarranted delays."¹¹¹ Decisions on the merits must be made available to the parties "without undue delay"¹¹² and must be "based only on evidence in respect of which parties were offered the opportunity to be heard."¹¹³

TRIPS does not require members to establish a separate judicial system for the enforcement of intellectual property rights.¹¹⁴ It does, however, require that defendants be given "timely" written notice of claims against them and that such notice "contain[] sufficient detail, including the basis of the claims."¹¹⁵ Representation by independent legal counsel,¹¹⁶ the right to "substantiate . . . claims and to present all relevant evidence,"¹¹⁷ and protection of confidential information (so long as such protection does not contravene "existing constitutional requirements") are mandated.¹¹⁸ Moreover, TRIPS requires the availability of the right to injunctive relief,¹¹⁹ the right to infringement-preventing provisional measures including blocking infringing or pirated imported goods "immediately after customs clearance from entry into commerce,"¹²⁰ the right to "prompt and effective provisional" measures to preserve "relevant evidence,"¹²¹ the right to money damages "adequate to compensate for the injury the right holder has suffered because of an infringement of his intellectual property right by an

¹¹¹ *Id.*

¹¹² *Id.* art. 41(3).

¹¹³ *Id.*

¹¹⁴ *Id.* art. 41(g).

¹¹⁵ TRIPS, *supra* note 1, art. 42.

¹¹⁶ *Id.* art. 42.

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.* art. 44.

¹²⁰ *Id.*

¹²¹ *Id.* art. 50(1)(b).

infringer who knew or had reasonable grounds to know that he was engaged in an infringing activity;"¹²² and the right to obtain in appropriate circumstances the seizure and destruction of infringing goods as well as "materials and implements the predominant use of which has been in the creation of the infringing goods."¹²³

Parties who abuse the enforcement process are subject to sanctions. Among the types of abuse for which sanctions are to be imposed are refusals "without good reason" to provide "necessary information within a reasonable period"¹²⁴ and wrongfully issued injunctions or restraining orders.¹²⁵ Moreover, any exemptions from liability for public authorities and officials for failure to provide appropriate remedial measures are limited to actions "taken or intended in good faith in the course of the administration of that law."¹²⁶ Members also have the right to grant judicial authorities the power to order infringers to identify third persons involved in the production and distribution of infringing goods and their channels of distribution.¹²⁷ TRIPS also provides for special procedures to permit a right holder, through written application, to seek impoundment by customs officials of goods which the right holder has "valid grounds" for suspecting constitute "pirated copyright goods."¹²⁸ Finally, in connection with pirated copyright goods, TRIPS requires members to provide for "criminal procedures and penalties" including "imprisonment and/or monetary fines

¹²² TRIPS, *supra* note 1, art. 45(1).

¹²³ *Id.* art. 46.

¹²⁴ *Id.* art. 43(2).

¹²⁵ *Id.* art. 48(1).

¹²⁶ *Id.* art. 48(2).

¹²⁷ *Id.* art. 47.

¹²⁸ *Id.* arts. 51-60. TRIPS defines "pirated copyright goods" as "any goods which are copies made without the consent of the right holder or person duly authorized by him in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright of a related right under the law of the country of importation." *Id.* art. 52 n.14.

sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of corresponding gravity."¹²⁹

B. *An Accommodation For Developing Nations*

As noted above, probably the most important accommodation reached was the acceptance by developing nations of the establishment in GATT of minimum copyright protection standards. This compromise, however, was counterbalanced in large part by Article 66 of TRIPS, which exempted least developed country members from the TRIPS obligations for a period of ten years from the "date of application" of the Agreement.¹³⁰ Article 65(1) defines the "date of application" as one year after the date of entry into force of the Agreement establishing the WTO.¹³¹ Since the date of entry into force is January 1, 1995, the earliest that any least developed country will be required to comply with TRIPS, including its substantive copyright protection provisions, is January 1, 2006. In addition, under Article 65 of TRIPS, any "developing country Member" or any member "in the process of transformation from a centrally-planned into a market, free-enterprise economy and which is undertaking structural reform of its intellectual property system and facing special problems in the preparation and implementation of intellectual property laws" is entitled to a four year

¹²⁹ TRIPS, *supra* note 1, art. 61.

¹³⁰ *Id.* art. 67. Least developed member countries, however, were not exempted from complying with Article 3 (requiring national treatment with regard to intellectual property protection), Article 4 (requiring most favored nation treatment with regard to any "advantage, favour, privilege or immunity granted by a Member to the nationals of any other country") or Article 5 (specifically excepting the obligations under Articles 3 and 4 to procedures provided in multilateral agreements relating to the maintenance or acquisition of intellectual property rights concluded under WIPO auspices). For purposes of Articles 3 and 4, "protection" is defined as including "matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Agreement." *Id.* art. 3 n.3.

¹³¹ *Id.* art. 65(1). The Agreement establishing the WTO was signed in Marrakesh, Morocco on April 15, 1994. The Marrakesh Declaration established the date of entry into force as January 1, 1995.

delay in the date of application.¹³² Thus, the earliest date by which any developing country must comply with TRIPS requirements is January 1, 2000.¹³³

In addition to delaying the effective date of TRIPS for developing and least developed nations, TRIPS also requires developed country members to provide "technical and financial cooperation" to developing and least developed countries.¹³⁴ Such technical cooperation must include "assistance in the preparation of laws and regulations on the protection and enforcement of intellectual property rights as well as on the prevention of their abuse, and shall include support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters, including the training of personnel."¹³⁵ In addition to technical cooperation, Article 66 requires that developed country members provide "incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country members in order to enable them to create a sound and viable technological base."¹³⁶

Compromises regarding substantive copyright disputes generally reflect an accommodation among the concerns expressed by the developed nations during the Uruguay Round (the North-North debate). Thus, for example, although members are required generally to comply with the Berne Convention (Paris text), the moral rights provision of Article 6*bis* and any "rights derived therefrom" are expressly exempted.¹³⁷ Consequently, TRIPS does not contain any required standards or procedures for protecting non-

¹³² TRIPS, *supra* note 1, arts. 65(2), 65(3).

¹³³ In order to protect against an erosion of protection in such developing countries, Article 65(5) requires "[a]ny [m]ember availing itself of a transitional period [in the application date] to ensure that any changes in its domestic law, regulations and practice made during that period do not result in a lesser degree of consistency with the provisions of this Agreement." *Id.* art. 65(5).

¹³⁴ *Id.* art. 67.

¹³⁵ *Id.*

¹³⁶ *Id.* art. 66(2).

¹³⁷ *Id.* art. 9.

economic rights. Similarly, TRIPS recognizes that members may limit or restrict the exclusive rights granted under the Agreement in certain ways, thus accommodating the public policy concerns of the developing nations. Although Article 13 requires that any such limitations or restrictions be confined "to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder,"¹³⁸ the phrases "normal exploitation" and "legitimate interests of the right holder" are not defined. Thus, it is an open question to what extent such practices as the French video levy or other compulsory licensing schemes will be found to violate the Agreement.

C. *The Uruguay Round Agreements Act*

On December 8, 1994, the Uruguay Round Agreements Act ("URAA"), was signed into U.S. law.¹³⁹ Its purpose was to approve and implement "the trade agreements [concluded in] the Uruguay Round of multilateral trade negotiations."¹⁴⁰ The URAA authorized the President to accept the Uruguay Round Agreements "[a]t such time as the President determines that a sufficient number of foreign nations are accepting the obligations of the Uruguay Round Agreements . . . to ensure the effective operation of, and adequate benefits for the United States under, those Agreements."¹⁴¹ By proclamation, the Uruguay Round Agreements entered into force for the United States on January 15, 1995.¹⁴² Title V of the URAA implements the changes in U.S. law mandated by TRIPS.¹⁴³ The major

¹³⁸ *Id.* art. 13.

¹³⁹ Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994) (codified in scattered titles and sections of U.S.C.) [hereinafter URAA].

¹⁴⁰ *Id.* § 101 (codified at 19 U.S.C.A. 3511(b) (West Supp. 1995)).

¹⁴¹ *Id.* § 101(b).

¹⁴² By proclamation, President Clinton accepted the Agreement and determined that it entered into force on January 1, 1995. Proclamation No. 6780, 60 Fed. Reg. 15,845 (1995).

¹⁴³ See URAA, *supra* note 139, §§ 501-534. As noted below, several provisions of TRIPS contain ambiguous language regarding the precise scope of duties required by a member. Although Congress assumed that

changes in U.S. copyright law concern the treatment of software rental rights, the protection against the production and distribution of bootleg live performance recordings, and the recapture of copyright for certain public domain rights.

1. Software And Video Rental Rights

Under the first sale doctrine embodied in Section 109 of the Copyright Act of 1976, as amended, the owner of a lawfully made copy or phonorecord of a copyrightable work is entitled to rent, sell, or otherwise dispose of the possession of that copy without the authorization of the copyright owner.¹⁴⁴ Prior to TRIPS, U.S. law excepted phonorecords and computer programs from the application of the first sale doctrine. Thus, even prior to the URAA, under the Computer Software Rental Amendments Act of 1990, copyright owners had the exclusive right to authorize or prohibit the rental of lawfully acquired copies of their computer software.¹⁴⁵ These rights, however, were set to expire on October 1, 1997. Section 511 of the URAA eliminated this sunset provision.¹⁴⁶ Consequently, holders of

the changes set forth in the URAA meet U.S. obligations under the Uruguay Round Agreements, including TRIPS, it remains to be seen whether the language of some of these provisions will be interpreted in the future to require additional changes to U.S. law.

¹⁴⁴ 17 U.S.C.A. § 109(a) (West Supp. 1995).

¹⁴⁵ Under the Computer Software Rental Amendments Act of 1990, Pub. L. No. 101-650, tit. VII, 104 Stat. 5134 (1990), section 109 of the copyright statute was revised to require the authorization of the copyright owner in a computer program before

any person in possession of a particular copy of a computer program . . . may, for the purposes of direct or indirect commercial advantage, dispose of, or authorize the disposal of, the possession of that . . . computer program . . . by rental, lease or lending or by any other act or practice in the nature of rental, lease or lending.

17 U.S.C.A. § 109(b)(1)(A) (West Supp. 1995). The Act excluded, inter alia, the transfer of possession of a lawfully made copy of a computer program by a nonprofit educational institution to faculty, staff, and students at such an institution from its strictures. *Id.*

¹⁴⁶ URAA, *supra* note 139, § 511 (amending 17 U.S.C. § 109).

copyright in computer programs will have a permanent right to control the subsequent rental of lawful copies of their programs for the life of the copyright.

Existing exemptions from the Computer Software Rental Amendments Act, however, remain unchanged. Thus, for example, computer programs which are "embodied in a machine or product and which cannot be copied during the ordinary operation or use of the machine or product" remain outside the scope of the rental rights granted software copyright owners.¹⁴⁷ Similarly, computer programs "embodied in or used in conjunction with a limited purpose computer that is designed for playing video games and may be designed for other purposes" also continue to remain subject to the first sale doctrine.¹⁴⁸

Although the URAA expanded the scope of U.S. computer software rental rights, no such revision was enacted to provide rental control to right holders in cinematographic works. Instead, relying upon the TRIPS opt-out provision for rental rights in cinematographic works,¹⁴⁹ Congress found that "the rental of motion pictures has not caused a widespread problem of copying in the United States,"¹⁵⁰ and it elected not to exempt the rental of videocassettes and other cinematographic works from the first sale doctrine.¹⁵¹

2. Anti-Bootleg Protection

In accordance with Article 14 of TRIPS, sections 511 and 512 of the URAA establish civil and criminal penalties under federal law for the

¹⁴⁷ 17 U.S.C.A. § 109(b)(1)(B)(i) (West Supp. 1995).

¹⁴⁸ *Id.* § 109(b)(1)(B)(ii).

¹⁴⁹ See TRIPS, *supra* note 1, art. 11; *supra* part II.A.2.

¹⁵⁰ SENATE COMM. ON FINANCE, COMM. ON AGRICULTURE, NUTRITION & FORESTRY, AND COMM. ON GOVERNMENTAL AFFAIRS, REPORT ON URUGUAY ROUND AGREEMENTS ACT, S. REP. NO. 412, 103d Cong., 2d Sess. tit. V, at 2 (1994) [hereinafter REPORT ON URAA].

¹⁵¹ In supporting its decision, Congress found that the absence of such widespread copying made "rental rights for motion pictures . . . unnecessary." *Id.*

unauthorized fixation and "trafficking in"¹⁵² sound recordings and music videos of live musical performances. Prior to the URAA, U.S. copyright law required that a work be "fixed in a tangible medium of expression" in order to qualify for copyright protection. Consequently, although numerous states had enacted statutes to protect against bootlegging, no uniform federal protection existed against the unauthorized fixation of live performances in bootleg audio or video tapes. With the enactment of the URAA, bootleggers will now be subject to both civil remedies under the Copyright Act (including injunctive relief, seizure and destruction of infringing works, monetary damages, and attorney's fees and costs)¹⁵³ and criminal penalties under Title 18 of the U.S. Code.¹⁵⁴

Under the anti-bootlegging provisions of the URAA, only live *musical* performances are protected. Performers have the exclusive right to control the fixation of their live performances, including the reproduction of such fixations, and any subsequent distribution or transmission or other communication of the performance to the public. Furthermore, the performances do not have to be fixed in the United States in order to be protected. To the contrary, section 512 specifically prohibits the distribution, offer to distribute, sale, offer to sell, rental, offer to rent, or trafficking in any copy or phonorecord fixed without the performers' consent "regardless of whether the fixation occurred in the United States."¹⁵⁵

The new statute is designed to reach the bootlegging of both sounds and images. Consequently, the Act's prohibitions against unauthorized fixations, communications, and distributions extend to unauthorized copies

¹⁵² Under Section 512 of the URAA, to "traffic in" is defined as to "transport, transfer or otherwise dispose of, to another, as consideration for anything of value or make or obtain control of with intent to transport, transfer or dispose of." URAA, *supra* note 139, at § 512 (creating 17 U.S.C. § 1101).

¹⁵³ See 17 U.S.C. §§ 501-505 (1994). Although copyright remedies apply, however, the anti-bootleg protection granted under the URAA does not arise under the copyright laws. See note 166 *infra*.

¹⁵⁴ See 18 U.S.C.A. § 2319 (West Supp. 1995).

¹⁵⁵ URAA, *supra* note 139, § 512 (creating 17 U.S.C. § 1101).

of the "sounds *or* sounds and images of a live musical performance."¹⁵⁶ Because of the importance which state law has played in blocking bootlegging, section 512 provides that the Act's anti-bootlegging provisions do not preempt any rights or remedies available under state common or statutory law.¹⁵⁷

The URAA also establishes criminal penalties for bootlegging. Section 513 adds a new section 2319A to Title 18. It provides that anyone who, "without the consent of the performer or performers involved, knowingly and for purposes of commercial advantage or private financial gain," fixes, transmits or otherwise communicates to the public, distributes, or trafficks in unauthorized copies of such live musical performances "shall be imprisoned for not more than 5 years or fined . . . or both" for a first offense.¹⁵⁸ For any subsequent offense, violators shall be imprisoned for "not more than 10 years or fined . . . or both."¹⁵⁹ The definitions of unauthorized acts under section 513 mirror those of section 512, including the provision that fixation does not have to occur in the United States.¹⁶⁰

In addition to direct criminal penalties of fine and/or imprisonment, upon conviction the Act requires mandatory forfeiture and destruction of any infringing copies, as well as "any plates, molds, matrices, masters, tapes and film negatives by means of which such copies or phonorecords may be

¹⁵⁶ *Id.* (emphasis added).

¹⁵⁷ *Id.* Section 301 of the 1976 Copyright Act provides that "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . and come within the subject matter of copyright . . . are governed exclusively by [Title 17]." 17 U.S.C. § 301(a) (1994). In order to avoid any confusion regarding whether the new anti-bootlegging statute is intended to preempt state protection schemes, section 512 expressly provides that "nothing in this section may be construed to annul or limit any rights or remedies under the common law or statutes of any State." URAA, *supra* note 139, § 512.

¹⁵⁸ URAA, *supra* note 139, § 513(a) (codified at 18 U.S.C.A. § 2319A(a) (West Supp. 1995)).

¹⁵⁹ *Id.*

¹⁶⁰ *Id.* (codified at 18 U.S.C.A. § 2319A(a)(3)).

made."¹⁶¹ The court also has discretion to order the forfeiture and destruction of "any other equipment by means of which such copies or phonorecords may be reproduced."¹⁶² However, such discretionary forfeiture must take into consideration "the nature, scope and proportionality of the use of the equipment in the offense."¹⁶³

In order to aid in the seizure and forfeiture of unauthorized copies of live musical performances fixed outside of the United States, the URAA directs the Secretary of the Treasury to establish the necessary regulations both to permit the seizure of such unauthorized copies by the U.S. Customs Service and to allow performers to register with Customs so that they may receive notification of the importation of copies that appear to consist of unauthorized fixations under the Act.¹⁶⁴ Both the civil and criminal anti-bootlegging provisions of the URAA apply to any "act or acts that occur on or after the date of enactment of the Uruguay Round Agreements Act (December 8, 1994)."¹⁶⁵

Although the statute is silent on its face, the protection afforded under the anti-bootlegging provisions of the URAA does not appear to be absolute. To the contrary, rights granted to performers under the URAA to restrict the use of fixations of their live performances are arguably limited by the strictures of the First Amendment.¹⁶⁶ Congress itself indicated that "[i]t

¹⁶¹ *Id.* (codified at 18 U.S.C.A. § 2319A(b)).

¹⁶² *Id.*

¹⁶³ *Id.*

¹⁶⁴ *Id.* (codified at 18 U.S.C.A. § 2319A(c)).

¹⁶⁵ *Id.* at §§ 512, 513.

¹⁶⁶ Despite the placement of the anti-bootlegging provisions of the URAA in Title 17 and the grant of remedies co-extensive with those granted copyright owners, the rights granted under section 512 are not granted under the Copyright Clause of the Constitution. U.S. CONST. art. I, § 8, cl. 8. To the contrary, they are rights granted under the Commerce Clause. See WILLIAM F. PATRY, *COPYRIGHT AND THE GATT: AN INTERPRETATION AND LEGISLATIVE HISTORY OF THE URUGUAY ROUND AGREEMENTS ACT 18* (1995). Section 512, which specifies that bootleggers "shall be subject to the remedies provided in Section[s] 502 through 505 [of Title 17] to the same extent as an infringer of copyright," URAA, *supra* note 139, § 512 (emphasis

is intended that the legislation will not apply in cases where First Amendment principles are implicated."¹⁶⁷ In its report, the Senate cited as examples of exempt use "where small portions of an unauthorized fixation of a sound recording are used without permission in a news broadcast or for other purposes of comment or criticism."¹⁶⁸ While de minimis uses for the purposes of news broadcast or comment may be the clearest examples of potential First Amendment conflict, the exemption should not be so narrowly construed.

3. Copyright Restoration

The change which may have the greatest impact on the U.S. domestic market for copyrighted works is the restoration of copyright protection to certain foreign works currently in the public domain. Article 18 of the Berne Convention requires that the terms of the Convention apply to all works that have fallen into the public domain for reasons other than expiration of their term of copyright.¹⁶⁹ Although the United States acceded to the Berne Convention in 1989, it never enacted legislation to implement Article 18. Reconsideration of compliance with the Berne Convention in light of TRIPS (and possibly in light of the potential for sanctions under GATT for failure to comply with these provisions) led Congress to enact section 514 of the URAA. This section restores copyright protection to qualifying works of

added), supports this interpretation. Consequently, since the anti-bootlegging provisions of the URAA do not arise under the Copyright Clause, the right of "fair use" codified in Section 107 of the 1976 Copyright Act, as amended, 17 U.S.C. § 107 (1994), and the statutory preemption under Section 301 of the 1976 Copyright Act as amended, 17 U.S.C. § 301, do not apply. The sounds and images of a live musical performance, however, may qualify as "speech" under the First Amendment and be subject to its requirements.

¹⁶⁷ REPORT ON URAA, *supra* note 150, at 3.

¹⁶⁸ *Id.* One scholar has challenged the application of a First Amendment exception. PATRY, *supra* note 166, at 17 n.59. However, the application of First Amendment protection does not depend upon whether or not the anti-bootlegging statute arises under the Copyright Clause but on whether the performance qualifies as protectable speech.

¹⁶⁹ Berne Convention, *supra* note 40, art. 18.

authors and right holders¹⁷⁰ from Berne or WTO nations on January 1, 1996, one year after the WTO comes into being.¹⁷¹

In order to qualify for restoration of copyright protection under the URAA, a work of a foreign author or right holder must not be in the public domain in the source country as a result of the expiration of its term of copyright protection.¹⁷² In addition, the work must be in the public domain in the United States because its owner did not comply with formalities (such as failure to affix the appropriate copyright notice or failure to file a timely renewal application),¹⁷³ because it was a sound recording fixed prior to

¹⁷⁰ Under the URAA, a "right holder" for sound recordings means the person who "first fixes a sound recording with authorization," or a person who acquired the right of first fixation by conveyance or by operation of law from such person. URAA, *supra* note 139, § 514 (codified at 17 U.S.C. § 104A(h)(7)(1994)).

¹⁷¹ General Provisions—Copyright Restoration of Certain Berne and WTO Works, 60 Fed. Reg. 7793 (1995). The Copyright Office has announced that it will publish final regulations establishing the procedures for filing required notices under the Act by October 1, 1995. *Id.*

In determining that the effective date of restoration was one year after the January 1, 1995 entry into force of the Uruguay Round Agreements, the Copyright Office relied upon Article 65(1) of TRIPS, which states that "no member shall be obliged to apply the provisions of this Agreement before the expiration of a general period of the year following the date of entry into force of the Agreement Establishing the WTO." TRIPS at art. 65(1). One well-known scholar has severely criticized the Copyright Office's position on the grounds that the plain language of the URAA does not permit a one-year delay in the initial date of restoration. See PATRY, *supra* note 166, at 31-36.

For source countries which are not members of WTO or the Berne Convention as of January 1, 1995—the date the TRIPS Agreement enters into force with respect to the United States—the date of restoration for works owned by authors or right holders of such countries will be the date of adherence to TRIPS or the Berne Convention or the date on which the President by proclamation finds that a particular country extends "restored copyright protection on substantially the same basis as provided under [the URAA]" to the works of authors who are nationals or domiciliaries of the United States. URAA, *supra* note 139, § 514 (codified at 17 U.S.C. §§ 104A(g), (h)(5) (1994)).

¹⁷² URAA, *supra* note 139, § 514 (codified at 17 U.S.C. § 104A(h)(6)).

¹⁷³ *Id.*

February 15, 1972 (when sound recordings were first granted protection under United States copyright laws),¹⁷⁴ or because works from the source nation were ineligible for copyright protection due to the absence of a binding treaty obligation with the United States. ("lack of national eligibility").¹⁷⁵ Finally, no work will qualify for restoration of copyright protection unless at least one author or right holder in the work, at the time the work was created, was a national or domiciliary of a nation eligible for copyright protection, the work was first published in such eligible nation, and the work was *not* published in the United States within thirty days of the date of any such publication.¹⁷⁶ Those countries whose citizens' works are eligible for copyright restoration include Berne Convention countries, WTO countries, and any subsequent countries with whom the United States enters into a similar agreement regarding copyright protection.¹⁷⁷ Copyright ownership in a restored work vests initially in the author or in the initial right holder as determined by the law of the source nation.¹⁷⁸

The restoration of copyright protection for eligible works is automatic under the Act.¹⁷⁹ The restored rights are limited, however, as against third parties who, during the period when the work was in the public domain in the United States, in reliance on the work's public domain status, made such use of the work as would constitute copyright infringement if the work had not been in the public domain. Among the types of uses which could qualify as a "reliance" use are reproduction or distribution of copies of the work or the creation of derivative versions of the work. If the owner or right holder in a restored work seeks to enforce its rights against such "reliance party," notice of the intent to rely on newly restored rights must be provided prior

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.* (codified at § 104A(h)(3)). Any work in which the copyright was ever owned by the alien property custodian and in which the restored copyright would be owned by a government or governmental instrumentality, however, is not subject to restoration under the Act. *Id.* (codified at § 104A(a)(2)).

¹⁷⁸ *Id.* (codified at § 104A(b)).

¹⁷⁹ *Id.* (codified at § 104A(a)).

to enforcement.¹⁸⁰ Such notice can be provided either by filing the appropriate notice with the Copyright Office (serving as constructive notice on all reliance parties for the work)¹⁸¹ or by serving the notice directly on a particular reliance party.¹⁸² Notice of reliance is not required prior to enforcing rights in a restored work against a party who does not qualify as a "reliance party" under the Act.¹⁸³

¹⁸⁰ URAA, *supra* note 139, §514 (codified at § 104 A(d)).

¹⁸¹ *Id.* (codified at § 104A(d)(2)(A)).

¹⁸² *Id.* (codified at § 104A(d)(2)(B)). Reliance notices filed with the Copyright Office must be signed by the owner of the restored copyright, the owner of an exclusive right in the restored work, or the owner's agent. *Id.* (codified at § 104A(e)(1)). The notice must identify the title of the restored work, include its English translation and any alternative titles, and provide an address and telephone number at which the owner may be contacted. *Id.* The same information is required in reliance notices served directly on reliance parties. *Id.* (codified at § 104A(e)(2)(B)). Although minor errors or omissions can be corrected by filing a notice of correction with the Copyright Office, *id.* (codified at § 104A(e)(2)(A)(iii)), material false statements "knowingly made," "void all claims and assertions made with respect to such restored copyright." *Id.* (codified at § 104A(e)(3)).

Four months after the date of restoration for a particular nation, and every four months thereafter for a period of two years, the Copyright Office must publish lists of restored works and their ownership if a reliance notice has been filed. *Id.* (codified at § 104A(e)(1)(B)(1)). The Copyright Office is also required to maintain one list of all filed reliance notices to be made available for public inspection and copying. This list must also be published in the Federal Register on an annual basis for the first two years after the applicable date of restoration. *Id.* (codified at § 104A). The Copyright Office has announced that it will permit the filing of reliance notices beginning January 1, 1996 and will begin to publish lists of filed reliance notices in May 1996. 60 Fed. Reg. 7793 (1995).

Among the issues which the Copyright Office intends to address before issuing its final regulations regarding reliance notices and restored copyrights are what additional information, if any, should be required in such notices and in any copyright registration applications for restored copyright, what filing fees to require, and what standard to use to determine authorship. *Id.*

¹⁸³ URAA, *supra* note 139, § 514 (codified at 17 U.S.C. § 104A(d)(1)).

Those foreign authors and right holders who intend to rely upon their restored rights under the Act must file their notice of reliance within twenty-four months of the date of restoration of the copyright in the work.¹⁸⁴ (No later than January 1, 1998 for current members of WTO or the Berne Convention.) Such notices can be filed either by the copyright owner, an owner of any of the exclusive rights granted under U.S. copyright law,¹⁸⁵ or their respective agents.¹⁸⁶ Agents, however, must be appointed in a written document signed by the owner or right holder prior to the filing of the reliance notice.¹⁸⁷

In order to provide those parties who relied upon the public domain nature of the work an opportunity to recoup their investment, the URAA gives reliance parties a one-year period, from the date of either publication of the reliance notice or actual service of a notice of intent to rely, during which the reliance party may continue to use or sell off copies of the restored work.¹⁸⁸ Reproduction of the work for the creation of new unauthorized derivative versions, however, is precluded once notice of reliance has been given.¹⁸⁹

Because the one-year sell-off period might be inadequate to permit those reliance parties who used a restored foreign work to create a derivative

¹⁸⁴ *Id.* (codified at § 104A(d)(2)(A)(i)).

¹⁸⁵ These five rights include: the right to reproduce the work, the right to prepare derivative versions, the right to distribute copies of the work publicly, the right to perform the work publicly, and the right to display the work publicly. 17 U.S.C. § 106 (1994).

¹⁸⁶ URAA, *supra* note 139, § 514 (codified at 17 U.S.C. § 104A(e)(1)).

¹⁸⁷ *Id.* (codified at § 104A(e)(2)). Similarly, notices actually served upon reliance parties may be served by appointed agents for the copyright owner or right holder; however, such appointment must be set forth in a signed writing executed prior to the date of service of such notice. *Id.* (codified at § 104A(d)(2)).

¹⁸⁸ *Id.* (codified at § 104A(d)(2)).

¹⁸⁹ *Id.* Such notice can be given constructively through filing a notice with the Copyright Office or through actual notice delivered to the reliance party.

work an opportunity to recoup their investment,¹⁹⁰ Congress granted such parties the continued right to use the derivative work for the duration of the restored copyright so long as "reasonable compensation" is provided to the restored copyright owner.¹⁹¹ Where the foreign right holder and the reliance party fail to reach an agreement regarding the amount of compensation, district courts have the power to set an acceptable compensation standard. In determining the amount of such compensation, courts are directed by the Act to consider both the "harm to the actual or potential market for or value of the restored work from [its] continued exploitation" by the reliance party and the appropriate level of compensation for the "relative contributions of expression" of the author of the restored work and the author of the derivative work.¹⁹²

In addition to providing investment recoupment opportunities for reliance parties, the URAA also protects them from potential breach of warranty and breach of contract claims based on restored copyrights. Any warranties, promises, or guarantees that a work "does not violate a [copyright owner's] exclusive right" shall not be considered breached "by virtue of the restoration of copyright" so long as such warranty, promise, or guarantee was made before January 1, 1995.¹⁹³ Similarly, no party can be required to perform any act which would be infringing "by virtue of the restoration of copyright" where an obligation to perform such an act was undertaken prior to January 1, 1995.¹⁹⁴

Copyright protection in any restored work lasts only for the remainder of the term of copyright that the work would have enjoyed if it

¹⁹⁰ REPORT ON URAA, *supra* note 150, at 3.

¹⁹¹ URAA, *supra* note 139, § 514 (codified at § 104A(d)(3)). Due to a drafting error, the right to continued use of such derivative works is limited to derivative works whose "source country" is an "eligible contry." *Id.* (codified at 17 U.S.C. § 104A(d)(3)). Section 104A(h)(8) defines a "source country" as "a nation other than the United States." *Id.* (codified at § 104A(h)(8)). Thus, only derivative works created or owned by foreign authors or right holders are eligible for continued use under the Act.

¹⁹² *Id.*

¹⁹³ *Id.* (codified at § 104A(f)(1)).

¹⁹⁴ *Id.* (codified at § 104A(f)(2)).

had been protected in the United States.¹⁹⁵ Once copyright has been restored in a given work, foreign authors and right holders can generally obtain full remedies under the Copyright Act for any infringing acts which occur *after* the date of copyright restoration for the work.¹⁹⁶ Where a reliance party has been using the work prior to the date of restoration, the foreign author or right holder can also obtain full remedies for any new unauthorized reproduction of the restored work which occurs after receipt (either constructive or actual) of a reliance notice.¹⁹⁷ For all other infringing acts by a reliance party which occur post-restoration, relief is limited to acts occurring *after* the twelve-month period from the date of service or filing of the reliance notice.¹⁹⁸

IV. THE ILLUSORY PROMISE OF GATT?

Although the signing of the Uruguay Round Agreements and the establishment of the WTO have generally been touted as "good thing[s] . . . setting worldwide minimum standards for enforcement of intellectual property protection,"¹⁹⁹ the strength of copyright protection afforded under TRIPS has necessarily been diluted due to the compromises reached in achieving a negotiated agreement. Thus, although TRIPS appears to provide certain improvements in substantive copyright standards, copyright owners should not rely upon these as the ultimate solution to their international protection problems. To the contrary, some of the compromises reached during TRIPS pose a definite, if immeasurable, threat to many of the gains achieved.

Perhaps the greatest threat to the promise of TRIPS lies in the compromises regarding the ability of developing and least developed nations to continue to use copyrighted works outside of TRIPS strictures.

¹⁹⁵ *Id.* (codified at § 104A(a)(1)(B)).

¹⁹⁶ *Id.* (codified at § 104A(d)(2)).

¹⁹⁷ URAA, *supra* note 139, §514 (codified at § 104A(d)(2)(A)(ii)(III)).

¹⁹⁸ *Id.* (codified at § 104A(d)(2)).

¹⁹⁹ GATT: *The U.S. Signs Away Its Freedom to Act in IP Disputes*, 46 MANAGING INTELL. PROP., Feb. 1995, at 5 (statement of Bruce MacPherson of International Trademark Association).

Under Article 65, developing countries can obtain a four-year compliance waiver.²⁰⁰ More significantly, least developed countries can obtain a ten-year waiver.²⁰¹ While these countries are excused from complying with the international copyright standards established under TRIPS, there is no similar waiver of the obligation on developed countries under Article 66(2) to provide technical assistance including providing "incentives" to their own intellectual property owners to transfer "technology" to such countries.²⁰² Theoretically, therefore, even though a developing country is not required to protect a foreign owner's copyright in a computer program, a developed member country is required to encourage the transfer of such technology if that program constitutes "technology," even though the foreign owner's rights may be infringed.

Technological innovations occur so frequently and with such rapidity that yesterday's new discovery is today's old news. The evanescence of technology, however, increases the potential harm to copyright owners of presently desirable technology since such owners will never be able to recoup the economic losses suffered as a result of the waiver of protection granted developing countries. Furthermore, since developing countries are often the most frequent violators of copyright, TRIPS has actually provided a relatively lengthy exemption precisely to those nations whose disregard for intellectual property laws initially created the need for stronger international protection standards.

The exemption from TRIPS requirements does not relieve developing countries from any other intellectual property treaty obligations which they may have. Thus, an exemption from meeting the copyright protection standards of TRIPS does not excuse a developing nation from meeting obligations under the Berne Convention, if that country is a signatory to the Convention. Since TRIPS relies primarily upon Berne Convention minimums for copyright protection norms, the harm of the ten-year exemption may be somewhat mitigated. Before developed countries take a great deal of comfort from this fact, it should be remembered that many developing nations have not agreed to the Berne Convention, and therefore

²⁰⁰ TRIPS, *supra* note 1, art. 65.

²⁰¹ *Id.* art. 66(1).

²⁰² *Id.* art. 66(2).

have no obligation to abide by the minimum standards established under the Convention. Moreover, even status as a Berne Convention member does not assure that a country will necessarily adhere to established minimums. In the absence of enforcement mechanisms similar to those established under the Uruguay Round Agreements, there is no guarantee that adhering countries will actually comply with the standards set under Berne. Without the obligation of complying with the substantive norms of TRIPS, the promise of stronger international copyright protection may remain illusory for quite a while after accession.

Even in those countries which make genuine efforts to comply with the strictures of TRIPS, copyright protection remains uncertain. Like the Berne Convention, protection under TRIPS is premised on national treatment.²⁰³ Thus, such critical issues as the treatment of non-literal copying and the scope of protection to be afforded new rights not covered by the Berne Convention remain subject to the vagaries of national treatment.²⁰⁴ Although one of the most significant developments under TRIPS is the establishment of minimum procedural norms for the enforcement of copyright,²⁰⁵ such procedural norms are to be included within the structure of a member's existing judicial system. Thus, procedures for protecting copyright will remain inconsistent even after TRIPS.

Although TRIPS requires members to establish "fair and equitable" procedures for enforcing their intellectual property rights,²⁰⁶ Article 44(2) permits members to limit the remedies available against unauthorized use to "adequate remuneration."²⁰⁷ Thus, instead of being assured the right to injunctive relief, foreign copyright owners may instead find their works subject to compulsory licenses. Furthermore, since TRIPS does not establish a clear standard for determining what constitutes "adequate" compensation,

²⁰³ TRIPS, *supra* note 1, art. 3.

²⁰⁴ The only exception is the expressly stated inclusion under TRIPS of computer software as a covered "literary work" under the Berne Convention. *Id.* art. 10.

²⁰⁵ *See supra* part II.A.4.

²⁰⁶ TRIPS, *supra* note 1, art. 41(2).

²⁰⁷ *Id.*

there is no guarantee of any particular equivalency between the recovery provided and the actual economic loss suffered by the unauthorized use in question.

TRIPS specifically acknowledges a member's right to establish limitations on and exceptions to a copyright owner's exclusive rights.²⁰⁸ Although such limitations and exceptions may not "unreasonably prejudice the legitimate interests of the right holder,"²⁰⁹ it is not clear that exceptions based upon a member's national interest in developing a certain industry would violate TRIPS. To the contrary, since Article 8 recognizes that in formulating or amending their national laws and regulations, "Members may . . . adopt measures necessary . . . to promote the public interest in sectors of vital importance to their socio-economic and technological development,"²¹⁰ such measures may well be enforceable particularly if some limited form of compensation to the copyright holder is provided.

Finally, even for those members which genuinely attempt to comply with the TRIPS requirements, copyright owners and right holders cannot be assured of uniform treatment since many of the substantive copyright provisions lack clarity. For example, in connection with the protection of computer databases, Article 10(2) provides that only those databases which constitute "intellectual creations" must be protected.²¹¹ The term "intellectual creation" is not defined. Although Article 10(2) further indicates that "selection and arrangement" are to be considered in determining

²⁰⁸ *Id.* art. 13.

²⁰⁹ *Id.*

²¹⁰ *Id.* art. 8(1). Any such measures, however, must be "consistent with the provisions of the Agreement." *Id.* Similarly, Article 7 of TRIPS expressly provides:

The protection and enforcement of intellectual property rights 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, and to a balance of rights and obligations.

Id. art. 7 (emphasis added).

²¹¹ *Id.* art. 10(2).

protectability,²¹² Article 10 does not specify the degree to which such selection must be original or innovative. Thus, a database in one country might be considered sufficiently original to be subject to protection and yet, consistent with TRIPS, be denied protection in another country because that country has a higher originality standard for copyright protection.

In the commercial rental rights area, TRIPS introduces the question of materiality in determining copyright protection. Under Article 11, cinematography right holders do not have to be provided exclusive rental control if the absence of such rights has not been "materially impairing" of the exclusive right of reproduction.²¹³ No standard for determining what constitutes "material impairment," however, is provided. Similarly, no standard is provided for determining whether a computer program is "the essential object" of a rental and therefore outside the scope of commercial rental rights requirements under TRIPS.²¹⁴

Perhaps the most problematic aspect of the ambiguity in TRIPS is the requirement under Article 48 of indemnification to defendants when enforcement procedures have been "abused."²¹⁵ There is no definition of what constitutes "abuse" or even a list of factors to be considered in determining when a particular process has been abused. Since many of the recent problems in international copyright protection arise from a country's failure to enforce its existing laws,²¹⁶ Article 48 has the potential to be a true innovation in the area of international copyright protection. The impact of

²¹² *Id.*

²¹³ TRIPS, *supra* note 1, art. 11.

²¹⁴ *Id.*

²¹⁵ *Id.* art. 48.

²¹⁶ See, e.g., Kathy Chen, *China Makes Concessions, Averts Trade War With U.S.*, WALL ST. J., Feb. 27, 1995, at A2; David E. Sanger, *Japan's Ghost in China Pact*, N.Y. TIMES, Feb. 27, 1995, at D1, D6; Seth Faison, *U.S. and China Sign Accord to End Piracy of Software, Music Recordings and Film*, N.Y. TIMES, Feb. 27, 1995, at A1.

this innovation, however, is unquestionably diminished by the absence of clear standards or guidance.²¹⁷

V. CONCLUSION

Despite its flaws, TRIPS represents the first time that international substantive copyright norms have been combined with international procedural norms. It also represents the first time that international copyright norms have been married to an enforcement mechanism that has the potential for assuring a degree of compliance by parties to the agreement. With over 110 nations as signatories, TRIPS has the potential to usher in a new era of stronger copyright protection on a global scale. Whether TRIPS will actually create this new era, however, remains doubtful.

Since the present global economy is largely divided between developed and developing countries, with their conflicting views of the role international standards should play in regulating a nation's internal use of copyrighted works, any international copyright protection norm, to be effective, must necessarily represent a middle ground between these competing interests. It is axiomatic that no international agreement can be effective unless a sufficient number of countries agree to be bound by its provisions. Without the diverse compromises contained in TRIPS, it is impossible to judge whether so many developing countries would have agreed to be bound by it. Despite the probable necessity for at least some of these compromises, they have undeniably diluted the strength of copyright protection under TRIPS.

The greatest threat to the new era of protection promised by TRIPS lies in the compliance waiver granted to developing and least developed countries and the concomitant technology transfer requirements imposed on

²¹⁷ Although a discussion of the settlement dispute mechanism under the Uruguay Round Agreements is beyond the scope of this Article, there is another potentially negative impact TRIPS may have on international protection for U.S. copyright owners. Since the Uruguay Round Agreements basically obligate the United States to submit intellectual property protection disputes between members to WTO settlement procedures, it is possible that the use of Special 301 actions, which have proved useful in the past in obtaining compliance with certain recalcitrant nations, will be curtailed. It remains to be seen whether this concern is a realistic one.

developed countries. At a minimum, this waiver delays the promise of TRIPS. At its worst, it imposes on developed countries an obligation to encourage a transfer of technology when its owners have little assurance that their rights will be protected. The ambiguities contained in the agreement, including the absence of standards for critical issues such as "abuse" of process and "adequate compensation," the failure to resolve the problems of inconsistent national treatment, and the acceptance of exceptions to TRIPS protection for purposes of promoting "socio-economic and technological development" similarly undermine the promise of TRIPS.

It is too early to predict with any degree of certainty the extent to which the compromises and ambiguities in TRIPS have turned its promise of stronger international copyright protection into an illusion. Given the lack of certainty regarding the actual impact TRIPS may have on the immediate problem of international copyright infringement, copyright owners should be prepared for disappointment. TRIPS is not the complete solution to their problems. In sum, although TRIPS has too many flaws and compromises to usher in the anticipated "new era of protection," its imperfect promise of protection is not wholly illusory but represents a useful first step.

