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COMMENTS

COMING OF AGE WITH TRIPS: A COMMENT ON J.H. REICHMAN, THE TRIPS AGREEMENT COMES OF AGE: CONFLICT OR COOPERATION WITH THE DEVELOPING COUNTRIES?

*Rochelle Cooper Dreyfuss**

Commenting on an article by J.H. Reichman is much like commenting on my own thoughts, for I agree so wholeheartedly with all that he says. I too am concerned about the expiration of the transitional phases set out in the TRIPS Agreement:¹ the close of the period given developing countries to comply,² and the end of the moratorium on nonviolation complaints.³ For the fast-paced technological communities that were largely responsible for promoting the adoption of rigorous international intellectual property standards, five-or-so years probably seemed like an eternity to wait for full compliance. In the evolution of law, however, it is far from it. It is not enough time for an emerging nation to absorb the world's knowledge base and develop a creative community – that is, to acquire the assets needed to capture the benefits of strong intellectual property rights and offset the costs of recognizing, examining, monitoring, and enforcing them. Indeed, it is not enough time for any society to come to terms with radically new policies, especially those that are externally imposed. Accepting new ideas is a gradual process. It is particularly difficult to imagine how any nation that is committed to democratic government could, in only half a decade, persuade its electorate to reallocate rights in such important matters as informational and cultural property.

Most important, the moratorium set by the Uruguay Round is too short a time for those charged with administering the Agreement and adjudicating the disputes it engenders to formulate positions on what the document states expressly, no less to decide what it might legitimately imply. Fairly extravagant claims about what constitutes a nonviolation complaint are being bandied about and, as Reichman notes, there is real danger that this sort of confrontational rhetoric will backfire, spurring

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¹ See Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Annex 1C, LEGAL INSTRUMENTS-RESULTS OF THE URUGUAY ROUND vol. 31; 33 I.L.M. 81 (1994) [hereinafter TRIPS Agreement].

² *Id.* art. 65. As Reichman notes, there are several grounds for extension of the compliance period.

³ *Id.* art. 64.

developing nations towards resistance (or even exit from the WTO) rather than moving them to compliance. To give just one example, developing nations did not accept the obligation to give preference to the enforcement of intellectual property rights.⁴ Yet many of the demands being aired would require these nations to reset their priorities in ways that give short shrift to issues of more immediate local concern. As the events of 1999 in Seattle suggest, such actions cannot help but engender anger, protest, and ultimately opposition.⁵

I also agree with Reichman that forbearance from making expansive demands is not sufficient, that the developed world must take a proactive role in helping the citizens of developing countries to acquire a stake – a genuine economic stake – in strong intellectual property protection. His ideas are good ones. They range from finding ways to reward the creative contributions of local knowledge, to taking seriously the promises made in the TRIPS Agreement to provide technical assistance and foster regional alliances and cooperation.⁶ But especially attractive are his suggestions for promoting technology transfer, educating the local population, and building infrastructure, as well as the proposals he and David Lange call “public-private initiatives.” Such initiatives are transactions that align the interests of local business with that of foreign rights holders under the auspices of government.

I would add two other concerns to Reichman’s list of matters that need to be addressed as the Agreement comes of age. One is a side-effect of the pro-intellectual property climate in which the TRIPS Agreement was negotiated. At the time of the Uruguay Round, intellectual property production was coming into its own as a matter of public policy. For example, the important roles that intellectual property rights now play in the U.S. economy, in productivity and balance of payment figures, were then beginning to be fully recognized.⁷ Concurrent with the negotiation of the Agreement, the developed countries were, therefore, expanding both the kinds and degrees of protection afforded; such efforts have, if anything, accelerated post-TRIPS.⁸ Accordingly, it is no surprise that much of the

⁴ *Id.* art. 41(5).

⁵ See Steven Greenhouse and Joseph Kahn, *Talks and Turmoil: Workers' Rights; U.S. Effort to Add Labor Standards to Agenda Fails*, N.Y. TIMES, Dec. 3, 1999, at A1 (noting that one issue of contention is patent rights); *A Turbulent Trade Meeting*, N.Y. TIMES, Nov. 28, 1999, at 10 (attributing part of the turmoil to concerns over the cost of patented pharmaceuticals in the developing world).

⁶ See TRIPS Agreement, *supra* note 1, at arts. 67, 69.

⁷ See Rochelle Cooper Dreyfuss & Diane L. Zimmerman, *The Culture and Economics of Participation in an International Intellectual Property Regime*, 29 J. INT'L L. & POL. 1, 2 (1997).

⁸ Examples in trademark law include the enactment of antidilution and cybersquatting laws in the United States. See 15 U.S.C. § 1125(c) & (d) (2000); in copyright and data base

discussion surrounding the Agreement has been based on the assumption that there will always be a consensus among dominant players that as a normative matter, more protection is better; that changes will always come in the direction of augmenting intellectual property rights. Thus, one trope, found especially in the academic literature, is focused on identifying the dangers that high protection poses to innovation (Reichman's paper is a good example). Another theme is the discussion among low-protectionists on ways to limit the extent to which such changes – particularly in the Berne and Paris Conventions,⁹ which are referenced by the TRIPS Agreement – should be automatically incorporated into the obligations that the TRIPS Agreement imposes.¹⁰

What has not been sufficiently explored is the opposite scenario: the possibility that the populace (or even the creative sector) will actually listen to the likes of Reichman and rediscover the value of a robust public domain. History, along with some current events, suggest that such a turn-around is not as unlikely as might be supposed. Many industrialized nations have experienced times when the high cost of intellectual property rights regimes was viewed as an obstacle to innovation or otherwise inimical to competition and expressive policies. In Europe, for instance, a time of hostility in the mid-19th century actually led to the abolition of patents in the Netherlands and Switzerland.¹¹ The United States passed through such a period as recently as the 1960s.¹² Some of the same sentiment is being expressed right now: first, with respect to the connection between patent rights on pharmaceuticals and the high price of health care;

protection in Europe, Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the Legal Protection of Databases (OJ L 077, 27/03/1996 p.0020-0028); in patent law, protection for business methods in the United States, *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998), cert. denied, 119 S.Ct. 851 (1999); in U.S. contract law, see the Uniform Computer Information Transaction Act (UCITA), available at <http://www.law.upenn.edu/library/ulc/ucita/cita10st.htm> (last visited Sept. 17, 2001); *ProCD v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996). For other international developments, see, e.g., Pamela Samuelson, *The U.S. Digital Agenda at the World Intellectual Property Organization*, 37 VA. J. INT'L L. 369 (1997).

⁹ The Berne Convention for Protection of Literary and Artistic Works of 9 September 1886; Paris text, July 24, 1971; The Paris Convention for the Protection of Industrial Property of 1883, 21 U.S.T. 1583, T.I.A.S. No. 6923, see, e.g., TRIPS Agreement, *supra* note 1, arts. 1, 2, 9.

¹⁰ See, e.g., Neil Netanel, *The Next Round: The Impact of the WIPO Copyright Treaty on TRIPS Dispute Settlement*, 37 VA. J. INT'L L. 441, 451 (1997)

¹¹ See, e.g., Martin J. Adelman, et al, PATENT LAW 22 (1998).

¹² See, e.g., *Sears Roebuck & Co. v. Stiffel*, 376 U.S. 225 (1964) (limiting enforcement of state unfair competition law); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) (same); *Lear v. Adkins*, 395 U.S. 653 (1969) (encouraging invalidation of patents); *Brulotte v. Thys*, 379 U.S. 29 (1964) (limiting the reach of patent holders).

and more recently, in regard to meeting demand for patented products, like CIPRO, to treat anthrax or other biological warfare threats.¹³

Given this history, it behooves low-protectionists to heed the warning Reichman has just delivered to the high-protectionists about the ultimate effects of their rhetoric. True, the low-protectionists could be right: it could very well be bad if the TRIPS Agreement is read as a one-way ratchet, forcing increased protection on every WTO member whenever any coalition of members thinks more protection will suit its own needs, but preventing any country from ever lowering protective standards. But the idea of divorcing contemporary understandings of intellectual property norms from the way the Agreement is interpreted could easily backfire, for it would also prevent the Agreement from rapidly incorporating renewed appreciation for public knowledge. What is required, therefore, is further elucidation of the incorporation argument, as well as more thinking about the responsibilities and powers of the Council on TRIPS¹⁴ to oversee the way that the Agreement is applied. Further, although one of the triumphs of the Agreement is said to be the shift from diplomatic dispute settlement to an adjudicatory approach,¹⁵ the precedential effect of panel and Appellate Body decisions needs substantial thinking. Legalistic rules of issue preclusion (collateral estoppel) and stare decisis may not be fully appropriate, not just during the transition period, but for a long time afterwards.¹⁶ Since a certain degree of tension between changing domestic needs (or even normative convictions) and harmonized international obligations is all but inevitable, it is important to find ways to bring flexibility into the administration of the TRIPS Agreement.

¹³ See, e.g., Amy Harmon, *In the "Idea Wars," A Fight to Control a New Currency*, N.Y. TIMES, Nov. 11, 2001, § 3, at 1 (describing the confluence of forces shaping U.S. policy in the Doha Round of WTO negotiations); David E. Rosenbaum, *The Gathering Storm Over Prescription Drugs*, N.Y. TIMES, Nov. 14, 1999, at 1 (describing the political pressure to control the price of patented drugs); John M. Broder, *Gore's Latest Attack on Bradley Tells Only Part of Story*, N.Y. TIMES, Jan. 1, 2000, at A22 (noting that Gore is making Bradley's support of pharmaceutical companies part of the campaign for the Democratic Party's presidential nomination). Indeed, patent rights have sometimes been limited to decrease such costs. See, e.g., 35 U.S.C. § 271(e)(1) (2000) (permitting generic drug manufacturers to conduct FDA-mandated tests patented drugs during the patent period); 35 U.S.C. § 287(c)(1) (2000) (limiting remedies for infringing medical activities carried out by medical practitioners and health care entities).

¹⁴ TRIPS Agreement, *supra* note 1, at art. 68.

¹⁵ See Understanding on Rules and Procedures Governing the Settlement of Disputes, art. 3.8, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization [hereinafter WTO Agreement], Annex 2, LEGAL INSTRUMENTS- RESULTS OF THE URUGUAY ROUND, vol. 31; 33 I.L.M. 112 (1994) [hereinafter DSU]. See also Rochelle Cooper Dreyfuss and Andreas F. Lowenfeld, *Two Achievements of the Uruguay Round: Putting TRIPS and Dispute Settlement Together*, 37 VA. J. INT'L L. 275, 276 (1997).

¹⁶ *Id.* at 291-96.

My other concern is that if high protectionists are not satisfied with what they achieve through the Agreement, they will end run it. They could do it in at least two ways. First, they could argue for extraterritorial application of the high protectionist regimes of the industrialized countries. Extraterritorial application of antitrust law is well known, and there are now a smattering of intellectual property cases developing theories of domestic harm derived from foreign distributions.¹⁷ As the machinery for the dissemination of intellectual products improves – I am thinking here of the internet – these arguments become increasingly plausible. Their acceptance could, however, be as detrimental to the emergence of innovative communities in the developing world as the possibilities envisioned by Reichman. It is, after all, not very likely that a court in one country will interpret its own law in ways that take the interests of another jurisdiction into account, and this will be true no matter how limited the other jurisdiction's obligations are under the TRIPS Agreement.

The second end-run risk comes from the possibility that courts will begin to entertain intellectual property cases based on foreign causes of action and to decide them in an uncritical way. Again, it is easy to see how this could happen. As worldwide demand for intellectual products increases and the distribution of works becomes easier, intellectual property holders more often obtain worldwide rights in their creative products.¹⁸ Because of the territoriality of intellectual property law, worldwide infringements are traditionally litigated country by country. But that is expensive and it can yield inconsistent judgments. In trademark law in particular, such judgments could spell chaos: what, for instance, if a court in Xandia gives Trademark Owner A the exclusive right to use a particular mark and a court in Patria gives the exclusive right to Trademark Owner B? Not only will A and B interfere with one another's marketing plans (especially on the internet), but the goal of trademark law, the prevention of consumer confusion, will be undermined.¹⁹ Thus, there is sure to be strong and increasing pressure to consolidate disputes on worldwide rights in a single forum.²⁰ Since the weakest link in the TRIPS Agreement is the absence of

¹⁷ See, e.g., *Los Angeles News Service v. Reuters*, 149 F.3d 987 (9th Cir. 1997); *Fundamental Too, Ltd. v. Gemmy Industries*, 111 F.3d 993 (2d Cir. 1997); *Stewart v. Adidas*, 1997 Copyright L. Dec. (CCH), ¶ 27, 646 (S.D.N.Y., Apr 30, 1997).

¹⁸ Helping this along are measures like the Patent Cooperation Treaty and the Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891, 828 U.N.T.S. 389, which ease the burden in acquiring rights in many countries.

¹⁹ For an example of a case giving rise to this sort of possibility, see *Mecklermedia Corporation v. D.C. Congress Gesellschaft*, (1997) F.S.R. 627 (High Court of Justice, Chancery Division), available at <http://www.pagehargrave.co.uk/InternetCases.htm>.

²⁰ For an attempt that failed, see *Stewart v. Adidas*, *supra* note 12 (refusing to dismiss the U.S. action on forum non conveniens grounds).

adequate enforcement mechanisms in developing countries,²¹ it is most likely that the court chosen to entertain such a dispute will be a developed country, while some of the countries in which infringement took place will be less developed countries (let us assume Xandia is the developed country entertaining the dispute and Patria is the developing country where the infringement took place).²²

In theory of course, choice of law rules will require the Xandian court to apply to each part of the dispute the appropriate country's intellectual property law. However, because of the traditional territoriality of intellectual property rights, choice of law rules in this area are rather undeveloped. As rights are asserted across a multiplicity of jurisdiction, it may well be that applying territorial law will not result in a judgment that protects anyone's interests (as noted, trademark cases are likely to create this possibility). In such situations, courts may look for a best law, one that may or may not give sufficient deference to the policies underlying the TRIPS Agreement or the protections the Agreement offers to developing countries.

Even where it is possible to apply each country's own law, a great deal of care will need to be taken to apply it accurately. If, say, Patria law applies, but Patria enacted intellectual property law only when it joined the WTO, its law may not have been construed often enough for the Xandian court to understand how it is intended to work. Indeed, if Patria is an emerging nation with a nascent technological community as well as deep poverty (India may be an example), enhancing protection would have both strong positive and negative effects; it is doubtful that a court outside Patria would have the ability to even know what policy Patria would be trying to further in interpreting its law. Most important, and this is the core of my concern, it may be very tempting for the Xandian court to understand the TRIPS Agreement as having harmonized the law of Xandia and Patria, leading the court to apply Xandian precedents as if they represented the law of Patria.

Admittedly, under current legal principles, Patria could respond to a decision on Patrian law that it regarded as wrong by refusing to enforce the judgment. If, however, the proposed Hague Convention on

²¹ If the lack of adjudicatory capacity comes from resource limitations, such countries may not be in violation of their TRIPS obligations by reason of art. 41(5). See TRIPS Agreement, *supra* note 1.

²² In some ways, this possibility should be welcome by those sharing Reichman's concerns. If Xandia could render an enforceable judgment concerning an infringement in Patria by a defendant with assets outside Patria, then the absence of an efficient adjudicatory mechanism in Patria would no longer matter. Not only could the intellectual property holder be made whole, but pressure on Patria to divert public resources from matters of greater domestic concern into intellectual property protection would abate.

Enforcement of Judgments²³ is adopted by Xandia and Patria, and if the Convention includes foreign intellectual property disputes within the subject matter that courts can adjudicate with an expectation of enforcement, then Patria's options will be more limited.²⁴ In addition, if the defendant has assets outside Patria and that country is willing to enforce the Xandian judgment, Patria's own views will again be irrelevant: the judgment will be enforced even if the Patrian activity at issue was judged on the inapposite policies of Xandia.

All this goes to say that the points Reichman makes are extremely important. I hope his admonitions concerning the backlash that strong protection could provoke are taken seriously by those who find themselves litigating interjurisdictional cases or in a position to argue for extraterritorial application of strong intellectual property law. His and Lange's attempts to persuade intellectual property holders to support infrastructure development and training are especially crucial. There is little in the current version of the TRIPS Agreement that protects developing nations from the way that foreign courts interpret their laws. Indeed and as noted, the very existence of the Agreement, coupled with its repeated description as an instrument of harmonization, may well seduce courts into thinking that they need not spend a great deal of time looking for differences between the law they already know and the law they are being asked to apply. Thus, it is critical that every member of the WTO quickly come to the point where it will enjoy some benefits from the application of strong intellectual property protection to activities occurring within its borders.

²³ The current draft of this proposal is available at <http://www.hcch.net/e/conventions/draft36e.html> (last visited September 17, 2001). See also Rochelle C. Dreyfuss and Jane C. Ginsburg, *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, available at <http://www.kentlaw.edu/depts/ipp/intl-courts/> (suggesting a revision of the Hague Draft to deal with the special challenges posed by intellectual property litigation).

²⁴ The current draft of the Convention takes the opposite tack for patents and trademarks: it makes the jurisdiction whose rights are in issue the exclusive forum for dispute resolution. See *id.* However, for the reasons given in note 22 and accompanying text, such a position may not be stable.

