REVISITING INTERNATIONAL COPYRIGHT LAW

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I. INTRODUCTION

This article describes the current state of international copyright law. While scholars have thoroughly investigated the topic, my goal is to present a comprehensive, succinct treatment of the historical development and current state of international copyright law, including the process of harmonization and the degree of harmonization.

This article begins with a historical introduction to copyright agreements and then divides into two parts. Part II is devoted to global copyright and related rights conventions. I will discuss the Berne Convention, the Universal Copyright Convention (UCC), the Rome Convention, the Geneva Phonograms Convention, the World Intellectual Property Organization (WIPO) Copyright Treaty, and the Trade Related Aspects of Intellectual Property Rights (TRIPs) Agreement, in the order of their historical development. Part III describes regional copyright treaties and regulations. Among the regional treaties and regulations, I will explore NAFTA Chapter XVII and several European directives. The discussion of each treaty or directive includes a special section on its history, the reasons for its creation, and an explanation of its relevant provisions. I devote special attention to the European Union Directives on copyrights and neighboring rights because they are the current focus of harmonization efforts. The European directives show how drafters have resolved problems derived from technological developments and other factors affecting copyright holders' rights. Also of considerable interest and importance are how these directives interact with the principles of national treatment[1] contained in the TRIPs agreement, the Berne Convention and other international conventions, and how these directives grant protection to non-European nationals.

This article suggests that the European Union currently has the most comprehensive degree of copyright and neighboring rights harmonization. European harmonization of these rights is a natural outgrowth of the process of integrating Europe's national markets. Having amongst its membership countries of both civil law and common law legal traditions, the European Union process of copyright

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1. National treatment is the principle of international copyright law in which one country accords another country's nationals or permanent residents at least the same copyright protection that it grants to its own nationals or permanent residents. *See* STEPHEN FISHMAN, THE COPYRIGHT HANDBOOK: HOW TO PROTECT & USE WRITTEN WORKS at 13/2 (7th ed. 2003).

harmonization is the current leading approach to integrating international copyright law and stands at the vanguard of the copyright movement.

II. INTERNATIONAL INTELLECTUAL PROPERTY LAW

The principle of territoriality dictates that there is no such thing as an international copyright; this is one of the most important principles in copyright law. There is no single right that can be claimed throughout the world, nor any judgment rendered in one country which will automatically be effective in other countries. The protection that a work receives outside of its country of origin is derived from international treaties. The most important international copyright treaty is the Berne Convention, which includes definitions of protected subject matter and important principles such as national treatment, and establishes the minimum level of protection provided under treaty terms. Other important copyright treaties are the UCC[2], the Rome Convention, the Phonograms Convention, the TRIPs Agreement, the WIPO Copyright Treaty of 1996, and the WIPO Performances and Phonograms Treaty of 1996.

A. Initial Developments

European national copyright laws enacted in the nineteenth century generally focused on national authors and did not protect foreign authors or publishers.[3] If they protected foreign nationals, early laws subjected those foreign nationals to conditions in order to receive protection. For instance, German law protected the works of German nationals, wherever published, but would only protect the works of foreign nationals if published by a German publisher in Germany.[4]

Conditional protection was not only a detriment to foreign authors and publishers, but also to national authors and publishers. Assuring protection of national works abroad is economically smart; ensuring equitable treatment for a nation's authors abroad therefore demands reciprocal protection of foreign works at home. The consequence of not implementing reciprocal protection is the displacement of more expensive national works by cheaper, unauthorized foreign-manufactured copies.[5] Similarly, unauthorized locally-made copies of foreign works not only reduce the revenues of foreign authors and/or publishers, but also diminish the revenues of national authors who then have to compete with cheap foreign copies in other countries. By providing copyright protection to foreign works, a country may assure the reciprocal protection of national works.

There have been several stages in the international copyright treaty movement. Current principles were developed through several stages. The first phase was

2. The UCC was an alternative option to the Berne Convention that lost its minor importance by virtue of the United States' accession to the Berne Convention and when TRIPs incorporated Berne principles after the Uruguay Round. *See* William Patry, *Choice of Law and International Copyright*, 48 AM. J. COMP. L. 383, 385 n.2 (2000).

3. PAUL GOLDSTEIN, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE 16 (2001).

4. *Id.*

5. DELIA LIPSZYC, COPYRIGHT AND NEIGHBOURING RIGHTS 587 (1993).

bilateralism. The second phase was the development of multilateral copyright agreements. The most recent third phase covers trade agreements that include substantial copyright provisions.

Most of the bilateral copyright agreements concluded in the first stage of bilateralism in the nineteenth century were based on the principle of reciprocity.[6] Reciprocity may be classified as either formal or material. Formal reciprocity is used to "describe the situation existing between two States which protect each other's nationals as they protect their own nationals, without requiring a specific level of protection in the other state as a condition of granting protection."[7] In other words, when there is formal reciprocity, there is national treatment without exception. Material reciprocity, on the other hand, describes "the situation where a State makes protection of the foreign author or production relate to the nature or degree of protection granted in the country of origin."[8]

While some bilateral treaties applied formal reciprocity, others conditioned national treatment of citizens of one party to the treaty to the protection granted by the other party, thus applying material reciprocity.[9] Most of the bilateral treaties were later replaced by multilateral conventions. Some bilateral treaties, however, continue in force between convention and non-convention nations or even between convention nations. For example, the bilateral treaty between the United States and Germany continues in full force even though both countries are signatories to other multilateral conventions.[10]

The first bilateral copyright agreements containing reciprocity principles were agreements between Prussia and other German states between 1827 and 1829.[11] Under those agreements, the parties recognized works originating in other signatory states and offered them the same protection accorded to their own nationals' works. Protection was also extended to non-acceding countries that protected Prussian works. Article 30 of the Prussian Copyright Law of 1837 provided protection to those works originating in foreign countries on the basis of material reciprocity, which meant those works would receive protection to the extent that Prussian publications were protected in the originating state.[12]

Attempting to achieve copyright protection without bilateral treaties, in 1852 France adopted a substantially different approach by offering copyright protection to foreign works regardless of whether the country of origin would protect French works.[13] The protection France offered did not cover the performance of foreign dramas and it was no more extensive than the protection of the country of origin.[14] Thus protection—but not national treatment—was made available to foreign nationals. France used a similarly novel approach to obtain copyright protection in

6. GOLDSTEIN, *supra* note 3, at 16.
7. J.A.L. STERLING, WORLD COPYRIGHT LAW 146 (2d ed. 2003).
8. *Id*. at 155.
9. *Id.*
10. *Id.*
11. LIPSZYC, *supra* note 5, at 598.
12. STERLING, *supra* note 7, at 153.
13. GOLDSTEIN, *supra* note 3, at 17.
14. *Id.*

other countries. To collect revenues from protected works in France, it was necessary for a foreign author's national governments to enter into a bilateral copyright agreement with France.[15] This was a good strategy to force foreign countries not offering earlier protection to enter into bilateral agreements. This strategy succeeded because when a work was protected in France, a copyright holder would be more likely to introduce his work there. The copyright holder, however, faced the major inconvenience of being unable to collect revenues, nor would he have protection for the performance of his work. France's approach forced Belgium, the largest market for unauthorized French works, to enter into a bilateral agreement with France.[16]

The United Kingdom was successful in obtaining bilateral agreements with many other European countries,[17] yet was unable to obtain protection in the United States, where copyright protection extended to only U.S. nationals or residents.[18] This situation lasted until pressure from British and American publishers forced the U.S. Congress to enact the International Copyright Protection Act, popularly known as the Chace Act, in 1891. The Chace Act required protection of foreign works "when such foreign state or nation permits to citizens of the United States of America the benefit of copyright on substantially the same basis as its own citizens; or when such foreign state or nation is a party to an international agreement which provides for reciprocity in the granting of copyright, by the terms of which agreement the United States of America may, at its pleasure, become a party to such agreement."[19] The protection offered by the Chace Act to foreign copyright holders was subject to a proclamation by the President recognizing the existence of reciprocity with a particular country.[20] The Chace Act also included a national manufacturing clause, requiring that books and other materials be printed in the United States.[21]

B. Berne Convention

1. Origins and Evolution

Prior to obtaining any bilateral agreements through its global protection policy, France pursued the concept of a universal copyright law based on the idea that copyright is a natural right.[22] The universal copyright law movement gained initial momentum in France and several other countries. In 1858, authors, artists, journalists, librarians, lawyers, and delegates of literary societies met in Brussels and created the International Congress of Authors and Artists.[23]

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15. *Id.*
16. Peter K. Yu, *The Copyright Divide*, 25 CARDOZO L. REV. 331, 347-48 (2006).
17. GOLDSTEIN, *supra* note 3, at 17.
18. *Id.*
19. *Id*. at 18.
20. STERLING, *supra* note 7, at 155.
21. GOLDSTEIN, *supra* note 3, at 18.
22. *Id*. at 19.
23. *Id.*

In 1878, the famous poet Victor Hugo presided over the foundation of the Association Littéraire et Artistique Internationale, an organization formed by artists and literary figures.[24] In 1882 the Association held a congress in Rome, where the universal copyright movement was abandoned. In its place was substituted a German proposal dedicated to creating an international copyright union.[25] This proposal led to the 1886 Berne Act, which was signed by ten countries: Germany, Belgium, Spain, France, the United Kingdom, Haiti, Italy, Liberia, Switzerland, and Tunisia.[26] The 1886 Act took effect in December of 1887.[27] Even though it had only ten signatories, it was important because the members' combined colonial empires covered much of the globe.[28]

The 1886 Act established national treatment—subject to reciprocity—like the bilateral treaties that had already existed prior to its enactment.[29] Later versions established an exception for the length of the term of protection, based on the rule of reciprocity.[30] Contrary to the current version of the Berne Convention, the 1886 Act allowed formalities, such as copyright registration and other similar measures, to obtain copyright protection for the holder.[31] This important distinction spotlights the evolutionary nature of the Berne regime. Prior to the Berne Convention, bilateral copyright treaties generally covered the rights of translation, public performance and reproduction.[32] The 1886 Act did not address the important copyright-related issue of reproduction rights. Some scholars explain this apparent oversight by arguing that it was taken for granted.[33] Others argue that reproduction rights varied significantly from country to country and thus the only option was to omit them. But the most important aspect that differentiated the Berne Convention from prior bilateral agreements was the creation of a Copyright Union "for the protection of the rights of the authors over their literary and artistic works."[34] The Copyright Union was designed to change and adapt over time. The result is that the Berne Convention has evolved through several versions during subsequent revisions.

The Berne Convention made copyright protection available if authors were nationals of one of the member states, regardless of whether the work was published or not.[35] The Convention contained several important provisions regarding the country of origin, such as the comparison of terms for purposes of reciprocity, and

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24. *Id.*
25. *Id*.
26. *Id.*
27. *Id.*
28. *Id.*
29. Berne Convention for the Protection of Literary and Artistic Property, art. 2, Sept. 9, 1886, 12 Martens Nouveau Recueil (ser. 12) 173 [hereinafter 1886 Berne Convention], *available at* http://www.oup.com/uk/booksites/content/9780198259466/15550015.
30. Berne Convention for the Protection of Literary and Artistic Property, art. 3(1)(a), Sept. 9, 1886, revised July 24, 1971, S. TREATY DOC. NO. 99-27, 828 U.N.T.S. 221, *available at* http://www.wipo.int/treaties/en/ip/trtdocs_wo001.html [hereinafter Berne Convention].
31. 1886 Berne Convention, *supra* note 29, at art. 2.
32. GOLDSTEIN, *supra* note 3, at 20.
33. *Id*.
34. 1886 Berne Convention, *supra* note 29, at art. 1.
35. *Id*. art. 2(1).

determination of whether formalities, for copyright recognition, were complied with in the country of origin.

The 1908 Berlin Act revised the Berne system. It introduced a provision that contained one of the most important characteristics of the Berne system: a prohibition against requiring any formality as a condition for the acquisition or exercise of copyright.[36] It also established a minimum fifty-year term of protection after an author's death, and the principle that the work's protection in any country of the Union is independent from the protection of its country of origin.[37] These provisions demonstrated a clear departure from the principle of reciprocity, replacing it with a system of minimum terms of protection. Moreover, if the work was within the Convention's terms, it could be protected abroad even if it had no protection in its country of origin.

Several revisions of the Berne Convention followed. The Additional Protocol of 1914 established the reprisal clause for authors of non-acceding countries that left such authors without protection.[38] The 1928 Rome Act added moral rights[39] and the right to broadcast the work by radio. It also established that the term of protection in joint works exists until the last surviving author dies.[40] Finally, the 1948 Brussels Act clarified certain moral rights, adaptation rights, and translation rights.[41] It also expanded the radio broadcast right to television.[42]

2. Relevant Provisions of the Current 1971 Berne Act

The 1971 Paris Act of the Berne Convention—the current version—entered into force in 1974. Under its terms, in order to receive copyright protection, a work must comply with one of the Convention's two points of attachment:[43] 1) the author is either a national or domiciliary of one member state[44] or, in the alternative, 2) the work is first, or simultaneously, published in a member state.[45] In the case of published works, the country of origin will be considered "in the case of works first published in a country of the Union, that country; in the case of works published simultaneously in several countries of the Union which grant different terms of protection, the country whose legislation grants the shortest term of pro-

36. *Id*. art. 4(2).
37. GOLDSTEIN, *supra* note 3, at 21.
38. *Id*. at 22.
39. Moral rights relate to the preservation of an author's rights to be recognized as the author of a work, be acknowledged as the author of the work, and have the integrity of the author's work maintained. *See* Woodrow Barfield, *Intellectual Property Rights in Virtual Environments: Considering the Rights of Owners, Programmers, and Virtual Avatars*, 39 AKRON L. REV. 649, 691-93 (2006).
40. Revised International Convention for the Protection of Literary and Artistic Works, June 2, 1928, art. 7*bis*(1), 1 U.N.T.S. 233.
41. Revised International Convention for the Protection of Literary and Artistic Works, June 26, 1948, 33 U.N.T.S. 217.
42. GOLDSTEIN, *supra* note 3, at 21.
43. A point of attachment is a "connection with a copyright-convention member nation sufficient to make a work eligible for protection under that convention." BLACK'S LAW DICTIONARY 1195 (8th ed. 1999).
44. Berne Convention, *supra* note 30, at art. 3(1)(a).
45. *Id*. art. 3(1)(b).

tection."[46] For works published simultaneously in countries both inside and outside the Copyright Union, the country of origin is considered to be within a member country of the Union.[47]

Like the 1908 Berlin Act, the 1971 Paris Act established that copyright protection "shall not be subject to any formality."[48] It also has a national treatment provision, but that provision is subject to the comparison term rule contained in Article 7(8) of the Act. This illustrates a classic example of material reciprocity. The protection term in the state where protection is claimed may not exceed that of the country of origin, unless the protecting state otherwise provides.[49]

The copyrightable subject matter of the 1971 Paris Act is defined in Article 2 as follows: "literary and artistic works shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of expression."[50] The same provision describes "covered works" as "books, pamphlets, and other writings; lectures, addresses, sermons . . . dramatic or dramatico-musical works . . . choreographic works and entertainments . . . musical compositions with or without words; cinematographic works . . . works of drawing, painting, architecture, sculpture . . . lithography . . . photographic works . . . works of applied art . . . ." The list of covered works is not exclusive; it also provides protection for translations, adaptations, musical arrangements,[51] and derivative literary works such as encyclopedias and anthologies.[52]

The Berne Convention leaves it up to individual signatory nations to determine whether works need to be fixed in some material form to receive protection.[53] Derivative works are to be protected without prejudice of the original works.[54] Therefore, a derivative work needs authorization from the original work's copyright holder. There are also certain works that are expressly excluded from protection by the Convention, such as news of the day or miscellaneous facts.[55]

The Berne Convention permits member states to determine who qualifies as the author and initial owner of a work.[56] It also establishes a presumption of authorship in Article 15(1), which states that the person whose name appears in the work in the usual manner—whoever is identified as the author—will be considered, in the absence of a contrary proof, the author of a literary or artistic work. Article 14*bis*(2) contains a set of rules for determination of copyright ownership for cinematographic works.

The standard term of protection provided under the Berne Convention is fifty years, measured from the death of the author,[57] or in the case of joint authorship,

46. *Id*. art. 5(4)(a).
47. *Id*. art. 5(4)(b).
48. *Id*. art. 5(2).
49. *Id*. art. 7(8).
50. *Id*. art. 2(1).
51. *Id*. art. 2(3).
52. *Id*. art. 2(5).
53. *Id*. art. 2(2).
54. *Id*. arts. 2(5), 2(6).
55. *Id*. art. 2(8).
56. GOLDSTEIN, *supra* note 3, at 25.
57. Berne Convention, *supra* note 30, at art. 7(1).

measured from the death of the last surviving author.[58] There are special provisions for cinematographic, anonymous, and pseudonymous works. The provisions for these categories establish a term of protection that measures from the date the work is made available to the public.[59] The minimum term of protection of photographic works and for works of applied art is twenty-five years from the date of their making.[60]

The minimum rights the Berne Convention provides to authors are economic and moral rights. Article 6*bis* establishes an author's moral rights as follows:

> 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.[61]

The minimum term of protection for moral rights is the same as the term of protection for an author's economic rights.

The economic rights granted by the Berne Convention to authors of literary or artistic works authorize or prohibit with respect to the author's works the following acts: translation;[62] reproduction,[63] where sound or visual recordings are to be considered reproduction;[64] broadcasting or the communication by any other wireless means;[65] the communication by wire or the rebroadcasting by a different organization than the authorized original organization;[66] public communication by loudspeaker;[67] public recitation;[68] communication in any way to the public of any recitation;[69] the making of adaptations, arrangements or other alterations;[70] the making of cinematographic adaptations and the reproduction of these cinematographic works and the distribution of works adapted or reproduced in such way;[71] and the public performance and communication to the public of cinematographic adaptations of their works.[72] Authors of dramatic, dramatico-musical and musical works

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58. *Id*. art. 7*bis*.
59. *Id*. arts. 7(2), 7(3).
60. *Id*. art. 7(4).
61. *Id*. art. 6*bis* (1).
62. *Id*. art. 8.
63. *Id*. art. 9(1).
64. *Id*. art. 9(3).
65. *Id*. art. 11*bis* (1)(i).
66. *Id*. art. 11*bis*(1)(ii).
67. *Id*. art. 11*bis*(1)(iii).
68. *Id*. art. 11*ter*(1)(i). A public recitation is similar to the right to of public performance, but is restricted to literary works. *See* Peter Burger, *The Berne Convention: Its History and Its Key Role in the Future*, 3 J.L. & TECH. 1, 34 (1988).
69. *Id*. art. 11*ter*(1)(ii).
70. *Id*. art. 12.
71. *Id*. art. 14(1)(i). According to Article 14(2), the adaptation into another form of a cinematographic production derived from a literary work requires the authorization of both the author of the cinematographic work and the author of the original work.
72. *Id*. art. 14(1)(ii).

have the exclusive right to authorize their public performance by any means,[73] any communication of them to the public,[74] and their translation.[75] Note that the distribution right is only granted to cinematographic works.

Article 14*ter* contains the following optional rights to subsequent sales of copyrighted materials, known as the *droit de suite*:

> The author, or after his death the persons or institutions authorized by national legislation, shall, with respect to original works of art and original manuscripts of writers and composers, enjoy the inalienable right to an interest in any sale of the work subsequent to the first transfer by the author of the work.[76]

Berne Convention member states are free to decide whether to include these optional rights in their national law.

The Berne Convention contains certain limitations on an author's economic rights. Limitations are categorized as exceptions from liability or as compulsory licenses. Article 9(2), for example, contains an exception from liability, establishing that it is a matter for legislation in the countries of the Union to permit or not to permit the reproduction of literary and artistic works protected by the Convention, when "such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."[77]

Article 10 contains limitations on economic rights for academic purposes, permitting quotation and allowing the use of literary or artistic works for teaching purposes; such use is allowed to the extent that it does not exceed that purpose and remains in compliance with fair use. Allowing the use of quotations from a work that has already been lawfully made available to the public is not optional to the member states, but mandatory,[78] and therefore states must legislate accordingly. Article 10 also provides that when a work is used for academic purposes, mention shall be made of the source and of the name of the author. Article 10*bis* contains exceptions related to the press and reporting of current events.

Other articles in the Berne Convention are also of interest. Article 11*bis*(2) provides for compulsory broadcast licenses and Article 13(1) allows compulsory licenses of musical works. Other important provisions are contained in Articles 17, 33 and 34. Article 17 recognizes the right of governments of member states to control the circulation of works. The right of states to censor copyrightable works dates to the 1886 version of the Berne Convention.[79] It is understood that the purpose of the Convention is to protect works of authorship against unauthorized appropriation of those works; censorship does not contradict that copyright purpose.[80]

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73. *Id*. art. 11(1)(i).
74. *Id*. art. 11(1)(ii).
75. *Id*. art. 11(2).
76. *Id*. art. 14*ter*(1).
77. *Id*. art. 9(2).
78. *Id*. art. 10(1).
79. GOLDSTEIN, *supra* note 3, at 27.
80. *Id*.

Article 33 contains a mechanism to resolve controversies among member states before the International Court of Justice in accordance with the statute of that Court. This mechanism, never used by a Berne Convention signatory, has been eclipsed by the dispute settlement procedures of the TRIPs Agreement.[81] Article 34 establishes that countries that want to accede to the Berne Convention cannot accede to an earlier version. I will analyze specific developments of the legal principles of the Berne Convention elsewhere in this article.

C. The Universal Copyright Convention

1. Origins and Evolution

The purpose of the UCC was to create an international copyright system among countries that had not ratified the Berne Convention due to its stringent minimum standards.[82] The membership of the UCC consists primarily of the United States, several Latin American countries, the former Soviet Union, and several African and Asian countries.[83] Its beginnings date from a proposal by France and Brazil at the 1928 Rome Conference of the Berne Union that suggested the creation of a bridge between Berne countries and the Buenos Aires Copyright Agreement of 1910.[84] The proposal was an effort to establish relations between Berne and non-Berne countries, and even create a totally new agreement. World War II aborted this movement.

Efforts to create the new copyright agreement were resumed after the Second World War.[85] Beginning with the General Conference of UNESCO held in Mexico City in 1947, a series of meetings culminated in the diplomatic conference of 1952, which produced the UCC.[86] Included among its main provisions—which were less strict than those of the Berne Convention—were rules that allowed member states to impose formalities as a condition for protection, and allowed a term for copyright counted from the date of publication instead of the date of the author's death.[87] The minimum standards for protection were only those necessary for the achievement of "adequate and effective protection."[88]

As the terms of protection were weaker than those of the Berne Convention, it was necessary to include a safeguard clause in order to encourage those countries belonging to the Berne Convention not to resign from it in order to enter into the less strict UCC. This provision is said to have had the purpose of preventing the newer agreement from competing with the older one.[89] Under this clause, any

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81. *Id*. *See* discussion *infra* Part II.I.3.
82. GOLDSTEIN, *supra* note 3, at 28.
83. *Id*. at 29.
84. *Id*. *See also* LIPSZYC, *supra* note 5, at 748.
85. LIPSZYC, *supra* note 5, at 750.
86. GOLDSTEIN *supra* note 3, at 28. *See also* THE ABC OF COPYRIGHT 64 (UNESCO 1981).
87. *See* GOLDSTEIN, *supra* note 3, at 29.
88. Universal Copyright Convention, art. I, Sept. 6, 1952, 6 U.S.T. 2371, 216 U.N.T.S. 132.
89. CLAUDETE COLOMBET, GRANDES PRINCIPIOS DEL DERECHO DE AUTOR Y LOS DERECHOS CONEXOS EN EL MUNDO 182 (Petite Almeida trans., 3d ed. 1997).

work originating in a country that withdrew from the Berne Union after January 1, 1951, "shall not be protected by the UCC in the countries of the Berne Union."[90] Since former colonial overlords pushed many developing countries into the Berne Convention, this safeguard clause was modified in 1971 in order to stop its application from extending to developing countries.[91] The current version of the UCC, the 1952 Geneva Act, established that in the case of a conflict between its terms and those terms of the Berne Convention, the terms of the latter convention prevail.[92] The current UCC also establishes that it will not apply to "relationship[s] among countries of the Berne Union in so far as it relates to the protection of works having as their country of origin, within the meaning of the Berne Convention, a country of the Berne Convention."[93]

2. Relevant Provisions of the 1971 Paris Act of the Universal Copyright Convention

Under the UCC, the points of attachment are nationality and the place of first publication.[94] The most relevant right is the national treatment provision for published and unpublished works protected by the UCC.[95] The level of protection is limited to "provide for the adequate and effective protection of the rights of authors and other copyright proprietors in literary, scientific, and artistic works, including writings, musical, dramatic and cinematographic works, and paintings, engravings and sculpture."[96] The minimum economic rights expressly recognized in original works and derived works are "reproduction by any means, public performance, and broadcasting."[97] The UCC also contains translation rights, and allows member states to restrict such rights in accordance with specially prescribed provisions.[98] Limitations on those economic rights are allowed, to the extent that those limitations do not conflict with the spirit of the UCC and comply with a reasonable degree of effective protection for protected works.[99]

The UCC allows member states to establish formalities in order for authors to obtain copyright protection. If the work is published outside its territory by a non-Convention national, however, these formalities are considered satisfied if the work bears the copyright notice:

> Any contracting state shall regard these requirements as satisfied with respect to all works protected in accordance with this Convention and first published outside its territory and the author of

90. Universal Copyright Convention, *supra* note 88, at Appendix Declaration Relating to Article XVII.
91. *Id.* at ¶ (b).
92. GOLDSTEIN, *supra* note 3, at 29.
93. Universal Copyright Convention, *supra* note 88, at art. XVII(1), Appendix Declaration Relating to Article XVII.
94. *Id.* art. II(2).
95. *Id.*
96. *Id.* art. I(1).
97. *Id.* art. IV*bis*(1).
98. *Id.* art. V(5).
99. *Id.* art. IV*bis*(2).

> which is not one of its nationals, if from the time of first publication all the copies of the work published . . . bear the symbol © accompanied by the name of the copyright proprietor and the year of first publication placed in such manner and location as to give reasonable notice of claim of copyright.[100]

The relevance of the UCC has been diminished by several factors. One factor is that the TRIPs Agreement requires member states to accede to the Berne Convention.[101] As mentioned before, if a country has agreed to the TRIPs Agreement and the Berne Union, the provisions of the UCC are inapplicable. Moreover, the United States entered into the Berne Convention in 1989, and developing countries seeking growth have joined the WTO and subscribed to its intellectual property chapter known as TRIPs. By 2006, Berne membership had grown to 163 members.[102]

D. The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (The Rome Convention)

1. Brief Explanation of Neighboring Rights

In many nations, especially those belonging to the civil law tradition, the neighboring right regime is distinct from the copyright regime.[103] Neighboring rights usually include performances, broadcasts, phonograms, and sound recordings. The common law approach is to assimilate those rights into the subject matter of copyrights.[104] In civil law countries,[105] neighboring rights usually are included in the country's copyright act.[106] Neighboring rights, however, are not considered a subset of copyright law, but rather a distinct set of rights usually included under the umbrella of the country's copyright act.

The reason to separately regulate neighboring rights from copyrights seems to be that the object of protection is the diffusion, not the creation, of literary and artistic works.[107] These rights usually protect as beneficiaries performers, producers

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100. *Id.* art. III(1).

101. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, art. 3(1), 33 I.L.M. 81 (1994), *available at* http://www.wto.org/english/tratop_e/TRIPs_e/t_agm0_e.htm [hereinafter TRIPs]. The TRIPs agreement is part of the overall World Trade Organization framework [hereinafter WTO], as appendix 1C to the Agreement Amending the General Agreement on Tariffs and Trade; *see* General Agreement on Tariffs and Trade, Oct. 30, 1947, 67 Stat. A-11, T.I.A.S. 1700, 55 U.N.T.S. 194 [hereinafter GATT]. *See also* discussion *infra* Part II.I.

102. World Intellectual Property Organization Treaty Statistics, http://www.wipo.int/treaties/en/statistics/StatsResults.jsp?treaty_id=15 (last visited Mar. 4, 2007).

103. COLOMBET, *supra* note 89, at 133.

104. GOLDSTEIN, *supra* note 3, at 143.

105. Before France enacted its Intellectual Property Code of 1992, neighboring rights were not protected by its Copyright Act of 1957 but rather by a different act enacted in 1985.

106. COLOMBET, *supra* note 89, at 133.

107. *Id.*

of phonograms, and broadcasters.[108] Neighboring rights are said to be "ancillary of the literary and artistic creation, because a performer's right to a live performance, or temporary impression, of a musical composition or dramatic work is evanescent, while producers of phonograms can assure the permanence of the temporary impression, and broadcasting organizations make distance disappear."[109] According to scholars, these auxiliaries rest in the work of creators; and therefore, their rights are derived from the author's right.[110] Such derivative rights developed from the rights of creators and consequently are called neighboring or related rights.

Because of these philosophical underpinnings, the Rome Convention subordinates neighboring rights to the copyright: "Protection granted under this Convention shall leave intact and shall in no way affect the protection of copyright in literary and artistic works. Consequently, no provision of this Convention may be interpreted as prejudicing such protection."[111] The hierarchical relationship between copyright and neighboring rights is reflected in many related treaties.[112]

2. Origins and Evolution

Neighboring rights were first mentioned in the international arena in a proposal at the 1928 Rome revision of the Berne Convention, but at that time neighboring rights did not materialize into any international treaty.[113] During the 1939 revision in Brussels, several proposals reached the table, including neighboring rights and the *droit de suite*.[114] Concluded after World War II in 1948, the Brussels revision to the Berne Convention included the *droit de suite*,[115] but did not include neighboring rights.[116] In 1949, three international organizations—BIRPI (International Office of the Berne Union, the predecessor of OMPI); UNESCO, which managed the UCC Agreement; and the International Labor Organization (ILO)—interested in protecting the rights of performers, phonogram producers, and broadcasting organizations, began to draft a proposal on a neighboring rights international treaty. After more than ten years of meetings and revisions, forty nations signed the final text in 1961.

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108. *Id.*
109. *Id., citing* HENRI DESBOIS, LE DROIT D' AUTEUR EN FRANCE 213 (Roberto Garza Barbosa trans., 3d ed. 1978).
110. *Id.*
111. International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, art. 1, Oct. 26, 1961, 496 U.N.T.S. 43 [hereinafter Rome Convention].
112. *See*, *e.g.*, Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, art. 7(1), Oct. 29, 1971, 25 U.S.T. 309, 866 U.N.T.S. 67, *available at* http://www.wipo.int/treaties/en/ip/phonograms/trtdocs_wo023.html [hereinafter Geneva Phonograms Convention]; WIPO Performances and Phonograms Treaty, art. 1(2), Dec. 20, 1996, S. TREATY DOC. NO. 105-17 at 18, 36 I.L.M. 76, *available at* http://www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html; *and* TRIPs, *supra* note 101, at art. 2(2) (discussing neighboring rights).
113. GOLDSTEIN, *supra* note 3, at 37.
114. *Id.*
115. Berne Convention, *supra* note 30, at art. 14*ter*.
116. GOLDSTEIN, *supra* note 3, at 37.

3. Relevant Provisions of the Rome Convention

The principal purpose of the Rome Convention was to grant national treatment to performers, producers of phonograms, and broadcasting organizations.[117] There are three points of attachment for performers: "(a) [where] the performance takes place in another Contracting State; (b) [where] the performance is incorporated in a phonogram which is protected under Article 5 of this Convention; (c) [or where] the performance not being fixed on a phonogram, is carried by a broadcast which is protected by Article 6 of this Convention."[118]

The point of attachment for producers of phonograms is any of the following: a) nationality, when the producer is a national of a contracting state; b) fixation,[119] when the first fixation of the sound was made in a contracting state; or c) publication, when the phonogram was first published in a contracting state.[120] The Rome Convention also protects phonograms first published in non-contracting states, if those phonograms are published within thirty days of their first publication in a contracting state.[121] In addition, with a notification made six months before its effective date, contracting states may not apply, in the alternative, the criterion of publication or the criterion of fixation.[122] In other words, a member state may choose not to apply one of those two criteria for protection. Note that the nationality criterion cannot be relinquished.

The point of attachment for broadcasting organizations is met under either of the following circumstances: a) if the headquarters of the broadcasting organization is situated in a member state; or b) if the broadcast is transmitted from a transmitter located in a member state.[123] The second criterion for protection can be relinquished in the same manner as those mentioned in the points of attachment for producers of phonograms.[124]

The fundamental right granted by the Rome Convention is national treatment.[125] The Convention also provides certain minimum economic rights to performers, phonogram producers, and broadcasting organizations. Article 7 contains minimum rights for performers. Basically, this protection consists of the possibility of preventing the broadcasting, the communication to the public, the fixation, and the reproduction of a fixed performance without the consent of the performer. Article 19, however, proclaims that "once a performer has consented to the incorporation of his performance in a visual or audio-visual fixation, Article 7 shall have no further application."[126] The minimum term of protection for performances not

117. Rome Convention, *supra* note 111, at art. 2.
118. *Id*. art. 4.
119. Fixation is the "process or result of recording a work of authorship in tangible form so that it can be copyrighted." BLACK'S LAW DICTIONARY, *supra* note 43, at 668.
120. Rome Convention, *supra* note 111, at art. 5.
121. *Id*. art. 5(2).
122. *Id*. art. 5(3).
123. *Id*. art. 6(1).
124. *Id*. art. 6(2).
125. See discussion of national treatment *supra* at Part II.A.
126. Rome Convention, *supra* note 111, at art. 19.

incorporated into phonograms is twenty years from the time when the performance took place.[127]

The most controversial provision is contained in Article 12, which includes the right to an equitable remuneration for performers or producers of phonograms—or both—"if a phonogram published . . . or a reproduction of such phonogram, is used directly for broadcasting or for any communication to the public."[128] Opposition by broadcasting organizations, unfortunately, led to poor acceptance of the Convention.

The rights given to phonogram producers include prevention of unauthorized reproduction and the equitable remuneration established by Article 12.[129] Article 14 establishes that when a contracting state requires formalities in order to grant protection to phonogram producers, those formalities are to be considered fulfilled if the phonogram has a notice consisting of the symbol (P), alongside the year of first publication.[130] The period of protection is twenty years from the time when the fixation took place.

In addition, the Rome Convention establishes minimum rights for broadcasting organizations, consisting of the right to authorize or prohibit the rebroadcasting of their broadcast, fixation, reproduction and communication to the public, if such communication is made in places accessible to the public and for an entrance fee.[131] The term of protection for broadcasts is twenty years from the date when the broadcast took place.[132]

These are the most significant legal precepts of the Rome Convention. It is important to note that in order to become a member of the Rome Convention, a state must be a member of either the Berne Convention or the UCC.[133]

E. Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms (Geneva Phonograms Convention)

This Convention was created principally to reinforce Rome Convention Article 10 by adding minimum rights against the unauthorized importation or distribution of phonograms.[134] Article 10 of the Rome Convention establishes rights for phonogram producers over reproduction, but it does not include border measures. The Geneva Phonograms Convention was signed in 1971 and entered into force on April 18, 1973.[135] The principal right granted by this Convention is as follows: "[e]ach Contracting State shall protect producers of phonograms who are nationals of other Contracting States against the making of duplicates, provided that any

127. *Id.* art. 14(b).
128. *Id.* art. 12.
129. *Id.* arts. 10, 12.
130. *Id.* art. 11.
131. *Id.* art. 13.
132. *Id.* art. 14.
133. *Id.* art. 24.
134. GOLDSTEIN, *supra* note 3, at 41.
135. *Id.*

such making or importation is for the purpose of distribution to the public, and against the distribution of such duplicates to the public."[136] The points of attachment for the Geneva Phonograms Convention are nationality and first fixation. Upon notification to the Director General of WIPO, however, states are allowed to protect phonograms strictly on the basis of first fixation.[137] The Geneva Phonograms Convention does not abrogate or modify the terms of protection of the Rome Convention; it only adds the importation right.[138] Lastly, it does not contain any equitable remuneration right such as the one provided by Rome Convention Article 12.[139]

F. Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (Brussels Satellite Convention)

A conference was held in October of 1968 to discuss the scope of the broadcasting definition contained in the Rome Convention.[140] While some experts argued that the Rome Convention broadcasting provisions covered satellite transmissions, others argued that the definition did not cover such transmissions, and moreover did not cover cable retransmissions.[141] The conference participants understood these problems and acknowledged the Rome Convention's lack of success in gaining adherents.[142] At the 1968 meeting it was agreed that a new multilateral treaty covering satellite transmissions was needed.[143] Several subsequent conference meetings were held, and in 1974 the final text was completed.[144] It provides a public international law solution to bind member states to comply with treaty standards, instead of giving authors and broadcasters private rights against unauthorized use of signals.[145]

Unlike other copyright conventions, the Brussels Satellite Convention gives protection against unlawful distribution to the program signals instead of the signal's content.[146] The subject matter of protection is contained in the definition of "programme," which means: "a body of live or recorded material consisting of images, sounds or both, embodied in signals emitted for the purpose of ultimate distribution."[147] "Signal" is defined as "an electronically generated carrier capable of transmitting programmes."[148] The point of attachment is met when the originat-

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136. Geneva Phonograms Convention, *supra* note 112, at art. 2.
137. *Id*. art. 7(4).
138. *Id*. art. 7(1).
139. *See* discussion *supra* text and notes accompanying note 126.
140. GOLDSTEIN, *supra* note 3, at 44-45.
141. *Id*. at 45.
142. *Id.*
143. *Id.*
144. *Id.*
145. *Id.*
146. *See* Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite, May 21, 1974, art. 2(1), T.I.A.S. No. 11,078, 1144 U.N.T.S. 3, *available at* http://www.wipo.int/treaties/en/ip/brussels/pdf/trtdocs_wo025.pdf [hereinafter Brussels Satellite Convention].
147. *Id*. art. 1(ii).
148. *Id*. art. 1(i).

ing organization is a national of a contracting state, and where the distributed signal is derived from a national of a member state.

The duration of protection is to be determined by national law, but if the law is changed, notification must be given to the Secretary General of the United Nations. The Brussels Satellite Convention has a very limited application. According to its Article 3, the Convention "shall not apply where the signals emitted or on behalf of the originating organization are intended for direct reception from the satellite by the general public."[149] Article 6 determines the Brussels Satellite Convention's relation to national law and other conventions in that it is not to be interpreted to limit or prejudice the protection given to authors, performers, producers of phonograms and broadcasting organizations.

According to several scholarly opinions, the Brussels Satellite Convention presents certain difficulties with respect to an interpretation of its scope.[150] Nevertheless, by 2007 it had thirty adherents, including Mexico, Germany, and the United States.[151]

G. World Intellectual Property Organization Copyright Treaty

Article 20 of the Berne Convention establishes that "countries of the Berne Union reserve the right to enter into special agreements among themselves, insofar as such agreements grant to authors more extensive rights than those granted by [this Convention] . . . or contain other provisions not contrary to this Convention."[152] Under the aegis of this provision, the World Intellectual Property Organization (WIPO) Copyright Treaty was adopted concurrently with the WIPO Performances and Phonograms Treaty at the end of 1996. The WIPO Copyright treaty is an upgrade of the level of protection granted by the 1971 Paris Act of the Berne Convention. According to Article 1 of the WIPO Copyright Treaty, it is a special agreement within the meaning of Article 20 of the Berne Convention.[153]

The WIPO Copyright Treaty, signed by members of the Berne Union, was intended to update the Berne Convention's rights to make them commensurate with those of the TRIPs agreement,[154] covering rental rights over computer programs, sound recordings, and cinematographic works. These were rights included in the TRIPs agreement but not in the Berne Convention.[155] The WIPO Copyright Treaty also contains several provisions for computer programs and database protection. In addition, it contains several provisions intended to deal with the problems caused by the Internet and digital technologies, including distribution rights not included

149. *Id*. art. 3.
150. COLOMBET, *supra* note 89, at 209.
151. World Intellectual Property Organization Treaty Statistics, http://www.wipo.int/treaties/en/statistics/StatsResults.jsp?treaty_id=19 (last visited Mar. 4, 2007).
152. Berne Convention, *supra* note 30, at art. 20.
153. WIPO Copyright Treaty, art. 1, Dec. 20, 1996, S. Treaty Doc. 105-17, at 1, 36 I.L.M. 65, *available at* http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html.
154. See discussion *infra* Part II.I.
155. GOLDSTEIN, *supra* note 3, at 32.

in the Berne Convention, communication to the public, anti-circumvention, and rights management provisions.

The WIPO Copyright Treaty establishes that contracting parties shall apply *mutates mutandis* Articles 2 to 6 of the Berne Convention.[156] Therefore, Berne provisions such as points of attachment, national treatment, scope of protection and subject matter also apply to the WIPO Copyright Treaty.

Computer programs are expressly included within the meaning of literary works of the Berne Convention, regardless of their mode or form of expression.[157] Article 5 establishes protection for databases if the selection or arrangements of their contents constitute an intellectual creation;[158] this protection does not extend to the data or material itself. Article 7 establishes rental rights in the authors of computer programs, cinematographic works; and works embodied in phonograms.[159] This protection does not apply when the computer program is not the essential object of the rent or, in the case of cinematographic works, unless the commercial rental has increased the copying of the work, impairing the right to reproduction.[160]

Another important provision of the WIPO Copyright Treaty clarifies the scope of the right to communicate works to the public contained in Article 11 and 11*bis* of the Berne Convention. Article 8 establishes that the communication right includes "the making available to the public . . . in such a way that members of the public may access these works from a place and at a time individually chosen by them." This provision clarifies that the communication right covers Internet and similar digital communications, creating the so-called "on-demand availability right."[161]

Article 11 requires contracting states to grant legal remedies against circumvention of effective technological measures used by authors for the exercise of their rights protected by the Berne Convention or the WIPO Copyright Treaty itself. Article 12 obligates member states to prohibit the removal or alteration of management information, or the distribution, import, broadcasting or communication to the public of works whose management information has been removed.[162] Management information is defined by the Convention as "the information which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and conditions of use of the work."[163]

H. WIPO Performances and Phonograms Treaty

The WIPO Performances and Phonograms Treaty was created at the same conference as the WIPO Copyright Treaty. As the WIPO Copyright Treaty borrows

156. WIPO Copyright Treaty, *supra* note 153, at art. 3.
157. *Id*. art. 4.
158. *Id*. art. 5.
159. *Id*. art. 7.
160. *Id*. art. 7(2).
161. *Id*. art. 8.
162. *Id*. art. 12.
163. *Id*. art. 12(2).

several of its operative concepts from the Berne Convention, the WIPO Performances and Phonograms Treaty adopts concepts from the Rome Convention.[164] The WIPO Performances and Phonograms Treaty updates the Rome Convention to the TRIPs treaty's newer terms and also contains anti-circumvention protection measures and information management provisions. It accomplishes almost as much as the WIPO Copyrights Treaty but with rights tailored to the needs of performers and producers of phonograms.

The point of attachment of the WIPO Performances and Phonograms Treaty is nationality. It relies on the criteria of the Rome Convention: "The nationals of other Contracting Parties shall be understood to be those performers or producers of phonograms who would meet the criteria for eligibility for protection provided under the Rome Convention, were all the Contracting Parties to this Treaty Contracting States of that Convention."[165] Article 4(1) establishes that beneficiaries of protection shall receive national treatment regarding rights specially granted by the treaty, and also shall receive the equitable remuneration right provided by Article 15.

The right of equitable remuneration is similar to the controversial right granted by Article 12 of the Rome Convention: "Performers and producers of phonograms shall enjoy the right to a single equitable remuneration for the direct or indirect use of phonograms published for commercial purposes for broadcasting or for any communication to the public."[166] For the purposes of the WIPO Performances and Phonograms Treaty, communications to the public "on-demand" are considered within the meaning of this right if they have been made for commercial purpose.[167] However, unlike the Rome Convention, signatories may limit the application of these provisions to the point of not applying them at all.[168]

Interestingly, this is the first international treaty that offers moral rights to performers. Independently of their economic rights, performers receive the rights of attribution and integrity, e.g. of objecting to distortion, mutilation, or other modifications of their live aural performances or performances fixed in phonograms.[169] Like the Berne Convention, the moral rights accorded to the rights holder last at least as long as the economic rights.[170]

The WIPO Performances and Phonograms Treaty contains several economic rights for performers and phonogram producers. Performers have the exclusive right—with respect to their unfixed performances—to oppose the broadcasting, communication to the public, or even fixation of these performances.[171] Performers also have the right to authorize the reproduction in any form of their performances fixed in phonograms.[172] Performers also have the right of distribution to the

164. GOLDSTEIN, *supra* note 3, at 42.
165. WIPO Performances and Phonograms Treaty, *supra* note 112, at art. 3(2).
166. *Id*. art. 15(1).
167. *Id*. art. 15(4).
168. *Id*. art. 15(3).
169. *Id*. art. 5(1).
170. *Id*. art. 5(2).
171. *Id*. arts. 6(1), 6(2).
172. *Id*. art. 7.

public of copies of performances through sale or other transfer of ownership.[173] Treaty provisions, however, do not affect the conditions, if any, under which the exhaustion of these rights is governed by member states after the first sale.[174] The performers have the exclusive right of authorizing the commercial rental to the public of the original and copies of their performances.[175] Article 10 establishes the right of making available fixed performances as follows: "Performers shall enjoy the exclusive right of authorizing the making available to the public of their performances fixed in phonograms, by wire or wireless means, in such way that members of the public may access them from a place and at a time individually chosen by them."[176] This right is similar to the "on-demand availability right" contained in the WIPO Copyright Treaty.[177]

The economic rights of producers of phonograms are almost the same economic rights and terms that performers have: the right of reproduction,[178] the right of distribution,[179] the right of rental,[180] and the right to making available to the public.[181] Obviously, producers of phonograms do not have the rights contained in Article 6 for performers over their unfixed performances.

The Treaty's term of protection for performers and phonogram producers is fifty years. In the case of performers, those fifty years run from the date of fixation. For phonogram producers, that term runs from the year of publication or, failing such publication, from the year of fixation.[182] The Treaty also establishes obligations concerning technological measures[183] and rights of management information, just as the WIPO Copyright Treaty does.[184]

I. Agreement on Trade Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods (The TRIPs Agreement)

1. Origins and Evolution

The TRIPs agreement represents the incorporation of intellectual property into the legal field of international trade by the Uruguay Round of 1986, which enhanced the scope of the initial 1947 Global Agreement on Tariffs and Trade (GATT) and its subsequent rounds. The World Trade Organization (WTO) and its agreements succeeded the GATT agreement and had their origin in the Uruguay Round of 1986.[185] The final agreement, signed at Marrakesh in 1994, is the latest

173. *Id.* art. 8(1).
174. *Id.* art. 8(2).
175. *Id.* art. 9.
176. *Id.* art. 10.
177. *See* discussion *supra* text and notes accompanying note 162.
178. *Id.* art. 11.
179. *Id.* art. 12.
180. *Id.* art. 13.
181. *Id.* art. 14.
182. *Id.* art. 17.
183. *Id.* art. 18.
184. *Id.* art. 19.
185. WILLIAM LOVETT ET. AL., U.S. TRADE POLICY 4 (1999).

legal development in the field of international multilateral trade.[186] TRIPs is the WTO's agreement on intellectual property.

The actual context of international trade law has its origins in the post-World War II period. It began as the Allies looked forward to the economic recuperation and development that would occur after the war.[187] In 1944, the Allies met at the Bretton Woods Conference in New Hampshire in order to establish several international institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development, generally known today as the World Bank.[188] At that time, a third specialized agency was planned to promote world trade. Its proposed name was the International Trade Organization (ITO).[189] Its formation failed and in its place was substituted the GATT, a temporary multilateral trade agreement that has happened to endure for more than fifty years.[190] The GATT's principal objectives were liberalizing trade by reducing tariffs and opening markets. However, it did not include anything about non-tariff barriers, services or intellectual property. Some of those unaddressed issues were included in subsequent rounds, the most important of which were the Kennedy and the Tokyo Rounds. The TRIPs agreement is considered one of the most important legal advances in international trade since the establishment of the GATT.[191]

Business people and policymakers of industrialized countries considered the multilateral intellectual property treaties that existed prior to TRIPs inefficient.[192] Those treaties were considered "to do little more than provide national treatment."[193] Their lack of effectiveness was proven by the fact that developing countries had become important markets for pirated products.[194] The multilateral trade negotiations held in GATT rounds proved to be effective in improving trade agreements. Because trade agreements had proven successful, the European Community and the United States drafted the Agreement on Measures to Discourage the Importation of Counterfeit Goods at the end of the Tokyo Round in 1979.[195] Even if efforts were unsuccessful at that time, intellectual property rights were placed on the agenda of the subsequent Uruguay Round in order to obtain higher minimum levels of protection from countries reluctant to do so, and in order to assure its real application by using the rigorous WTO dispute settlement process.[196] In October of 1982, the United States submitted a previously agreed-upon commercial counterfeiting code to GATT, with the concurrence of the European community, Japan and Canada.[197]

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186. *Id.*
187. *Id.* at 73.
188. *Id.* at 74.
189. *Id.*
190. *Id.*
191. MICHAEL P. RYAN, KNOWLEDGE DIPLOMACY 1 (1998).
192. *Id.* at 104.
193. *Id.*
194. *Id.*
195. GOLDSTEIN, *supra* note 3, at 53.
196. *Id.*
197. DUNCAN MATTHEWS, GLOBALISING INTELLECTUAL PROPERTY RIGHTS 8-10 (2002).

Developing countries, led by Brazil and India, immediately opposed discussing intellectual property issues at GATT and maintained that those discussions were to be held at WIPO.[198] They also argued that patent policies should differ, depending on each country's level of development, and should not be harmonized.[199] Developing countries faced the problem of extensive internal piracy of patented pharmaceutical and chemical products, films, audio records, books and software; this situation resulted in internal interests opposing a radical policy change.[200] Government officials and opinion leaders in developing countries thought that pharmaceutical piracy benefited public health, that piracy of fertilizers and weed-control chemicals promoted local food production, and that book and software privacy promoted local learning and technology transfer.[201] These concerns led to the formation of a group of ten developing countries inside the GATT, composed of India, Brazil, Cuba, Egypt, Nicaragua, Nigeria, Peru, Tanzania and Yugoslavia.[202] These countries opposed the inclusion of intellectual property in the Uruguay Round. Their reasons can be understood because failure to protect intellectual property under the existing WIPO-administered agreements did not imply significant consequences since members were countries importing intellectual property; however, the failure to protect intellectual property under GATT could have resulted in considerable trade retaliation.

The developed countries approached the GATT talks from a different bargaining position than the developing countries. They considered the negotiation of intellectual property in the GATT to be more effective than the WIPO negotiations:

> The GATT connection was apparently insisted upon by the developed countries, not because of a conviction that the strengthening of IPR [Intellectual Property Rights] protection would contribute to liberalization of international trade, but as a bargaining chip for the access of developing countries' products to the markets of industrialized countries. There was an assumption that unlike WIPO negotiations where countries had to consider only the direct arguments for and against higher standards of protection, the GATT negotiations would force developing countries to look into what they could gain in other fields (e.g. agriculture, textiles, and tropical products) by offering concessions on IPRs. An additional appeal of the GATT forum for the developed countries consisted in the opportunity it provided for effective enforcement of agree-

198. RYAN, *supra* note 191, at 104.
199. *Id.* at 107.
200. *Id.*
201. *Id.* at 107-08.
202. *Id.* at 108.

> ments and for dispute settlement mechanisms, both of which were practically lacking in the WIPO-administered conventions.[203]

The group of developing countries led by India and Brazil continued rejecting the inclusion of intellectual property issues in the GATT.[204] In order to push those countries into the GATT negotiations, the United States Trade Representative initiated Section 301 actions against South Korea and Brazil.[205] The only options for countries of the opposing group were either to negotiate separately with the United States under the threat of bilateral trade sanctions, or to negotiate in a multilateral round.[206] The U.S. strategy worked as expected. In September 1986, representatives of more than seventy countries began the Uruguay Round by issuing a Ministerial Declaration identifying intellectual property as a subject matter for negotiation:[207]

> In order to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade, the negotiations shall aim to clarify GATT provisions and elaborate, as appropriate, new rules and disciplines. Negotiations shall aim 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. These negotiations shall be taken in the World Intellectual Property Organization and elsewhere to deal with these matters.[208]

The negotiations that followed led to the inclusion of numerous measures aimed at intellectual property in the TRIPs agreement. While some measures were already known in the field of international intellectual property, others were not and TRIPs incorporated them into the field. One of the well-known principles in international intellectual property that was incorporated into the TRIPs agreement was the national treatment principle.[209] Most of the principles of the Berne, Rome, Geneva, and Paris Conventions were included in the agreement. However, U.S.

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203. Abdulqawi A. Yusuf, *TRIPs: Background, Principles and General Provisions, in* INTELLECTUAL PROPERTY AND INTERNATIONAL TRADE: THE TRIPS AGREEMENT 3-8 (Carlos M. Correa & Abdulqawi A. Yusuf eds., 1998).

204. RYAN, *supra* note 191, at 108.

205. *Id.* Section 301 sanctions are a tool the United States uses to retaliate against trade polices that the President of the United States determines to be unreasonable. They include imposing duties and import restrictions, and can be as strong as suspension of trade. Trade Act of 1974, Pub. L. No. 93-618, § 301, 88 Stat. 1978, 2041-43 (codified as amended at 19 U.S.C. § 2411 (Supp. IV 1986)).

206. RYAN, *supra* note 191, at 108.

207. GOLDSTEIN, *supra* note 3, at 54.

208. WTO/GATT Ministerial Declaration of the Uruguay Round of Multilateral Trade Negotiations of Sept. 20, 1986, 25 I.L.M. 1623, 1626.

209. GOLDSTEIN, *supra* note 3, at 54.

opposition led to the exclusion of the moral rights provisions of the Berne Convention from the TRIPs agreement.[210] The most-favored nation principle—common to many trade agreements—was included for the first time in an international intellectual property agreement.[211] Computer programs were assimilated as literary works per the terms of Berne Convention.[212] This assimilation made TRIPs the first multilateral intellectual property agreement expressly protecting computer programs. The agreement made concessions to developing and least developed countries while requiring them to simultaneously incorporate TRIPs principles in national laws.[213] The TRIPs agreement was signed in Marrakesh, Morocco, in April of 1994.[214]

2. Relevant Substantive Provisions of the TRIPs Agreement

The TRIPs agreement is included in Annex 1.C of the WTO agreement. Due to its "single agreement approach," all members of the WTO are members of the TRIPs agreement and the other WTO annexes.[215] Article 1 of the TRIPs agreement establishes that member states shall give the protection contained in the agreement to nationals of other member states.[216] It provides that "nationals of other Members shall be understood as those natural or legal persons that would meet the criteria for eligibility for protection provided for in the Paris Convention (1967), the Berne Convention (1971), the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits."[217] This definition of "nationals" encompasses not only its ordinary meaning, but is also used[218] as a means to refer to the different criteria of eligibility of the conventions besides nationality. For example, the Rome Convention does not define nationality as a point of attachment, but uses broadcast, incorporation of performance, or place of performance instead.[219]

> The discrepancy between nationality as a point of attachment under TRIPs Agreement and place of publication or fixation as points of attachment . . . can most logically be reconciled by interpreting TRIPs Article 1(3) as extending protection to all nationals of WTO

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210. *Id.*

211. Most-favored nation status is used in multilateral treaties to accord each of two nations trading benefits equal to those extended to any third state. Such status is meant to ensure equality of trading opportunity. BLACK'S LAW DICTIONARY, *supra* note 43, at 1035.

212. GOLDSTEIN, *supra* note 3, at 55.

213. *Id.*

214. *Id.* During its early stages of implementation, Professor Hamilton published an article that criticized TRIPs because, among other things, it neglected to address the fact that intellectual property environments would soon be online. Marci A. Hamilton, *The TRIPS Agreement: Imperialistic, Outdated, and Overprotective*, 29 VAND. J. TRANSNAT'L L. 613 (1996).

215. Alexander A. Caviedes, *International Copyright Law: Should the European Union Dictate its Development*, 16 B.U. INT'L L.J. 165, 191 (1998) (*citing* Thomas Oppermann, *Die Europäische Gemeinschaft und Union* in DER WELTHANDELSORGANIZATION (WTO), 1995 RIW 919, 922).

216. TRIPs, *supra* note 101, at art. 1(3).

217. *Id.* art. 1.

218. STERLING, *supra* note 7, at 159.

219. Rome Convention, *supra* note 111, at art. 4.

> members, whether the point of attachment through which they claim protection under one of the conventions is nationality, publication, fixation, or some other criterion.[220]

The TRIPs agreement contains the classical national treatment provision in its Article 3, providing that "each Member shall accord to the nationals of other Members treatment no less favourable than it accords to its own nationals with regard to protection of intellectual property."[221]

On the other hand, TRIPs Article 4 establishes the principle of most-favored nation treatment providing that: "any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of other members."[222] The principle of most-favored nation is common in other prior trade agreements, but it had not appeared in any international copyright treaty before. [223] The difference that this principle makes for previously existing international intellectual property is that, from the time of its enactment, Article 4 impedes subsequent bilateral agreements from going beyond TRIPs terms.[224] Accordingly, if a TRIPs member enters into an agreement with another state granting higher intellectual property protection than TRIPs does, it must grant the same protection to all other TRIPs members.

The principle of uniform protection has several exceptions. First, it is not applicable to agreements of general judicial assistance not limited to intellectual property protection.[225] Second, the Berne or Rome Convention provisions "authoriz[e] that the treatment accorded be a function not of national treatment but of the treatment accorded in another country."[226] An example of this provision is the comparison term rule contained in Berne Convention Article 7(8), which provides that the term of protection for copyright is to be governed by the copyright law of the country where the protection is sought and, unless otherwise provided by the law of that country, it will not exceed the term granted in the country of origin of the work.[227] The third exception to most-favored nation treatment respects "rights of performers, producers of phonograms and broadcasting organizations not provided under this Agreement."[228] Lastly, the TRIPs "grandfather" clause establishes an exception in that the most-favored nation principle is not applied to prior intellectual property agreements. Grandfathered agreements, however, should be submitted to the TRIPs council and should not constitute an arbitrary or unjustified discrimination against nationals of other TRIPs members.[229]

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220. GOLDSTEIN, *supra* note 3, at 54-56.
221. TRIPs, *supra* note 101, at art. 3(1).
222. *Id.* art. 4.
223. STERLING, *supra* note 7, at 117. *See also* Caviedes, *supra* note 215, at 194.
224. Caviedes, *supra* note 215, at 194.
225. TRIPs, *supra* note 101, at art. 4(a).
226. *Id.* art. 4(b).
227. *See* Berne Convention, *supra* note 30, at art. 7(8).
228. TRIPs, *supra* note 101, at art. 4 (c).
229. *Id.* art.4 (d).

Professor Reichman has suggested that future customs unions and free trade areas may be immunized from this most-favored nation clause respecting intellectual property issues not covered by TRIPs if past practice under the 1947 GATT Article XXIV is applied to the WTO framework, including TRIPs.[230] He makes no mention, however, of regional agreements and European Union efforts to harmonize copyright law. There is a possibility that these efforts could be inhibited if TRIPs members take advantage of any increased protection.[231] Such a result is not necessarily guaranteed, as protection of foreign works by national law has proven to be useful in the sense that cheaper unprotected foreign works would not appear on the local market.

Article 6 specifically excludes the issue of exhaustion from the TRIPs agreement. Exhaustion, also known as the first sale doctrine, provides that once a copyright holder has distributed a material copy of his work, he cannot prevent subsequent sales, transfers or rents of that copy in a nation's market: "[w]here all transactions take place within one country, many laws provide that the local right owner cannot prevent further distribution of an article after its authorized first sale, i.e. the distribution right in that country is exhausted as regards that particular article."[232] This is probably the Achilles heel of the agreement, because it gives member states the ability to adopt different approaches ranging from protectionist to *laissez-faire*. Member states can remain in compliance with the agreement, no matter what approach they take to exhaustion.

When the issue of exhaustion is examined in the international marketplace context, different issues arise. When the first sale occurs in another country, the distribution right cannot be considered to have been exhausted in the internal market. The laws of each country provide protection to local right holders in order to prevent the importation of legitimate copies of their works first distributed abroad.

There are two approaches regarding international exhaustion. One view holds that there is an exhaustion of rights even if the first sale of the copy occurred abroad. This is a single market view.[233] The more prevalent approach views exhaustion as occurring only in the internal market. This is the international exhaustion view. Taking that approach, copies distributed abroad do not exhaust local holder distribution rights. Even if the TRIPs agreement does not deal with this issue, that the general consensus holds that if a country incorporates the international exhaustion view, it should apply to all TRIPs members without discrimination—even if the producer country does not take the same approach.[234] GATT Article XX(d) provides the basis for exclusion of products based on parallel importation, and Article XXIV provides the basis for regional exhaustion for custom unions and free trade areas.

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230. J.H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement*, 29 INT'L LAW. 345, 349 (1995).
231. *See* Caviedes, *supra* note 215, at 196.
232. STERLING *supra* note 7, at 775.
233. Caviedes, *supra* note 215, at 197.
234. *Id.*

The TRIPs agreement provides definitions for numerous forms of intellectual property.[235] In Part II of the agreement, each form of intellectual property has its own section, which defines certain minimum protection rules and definitions.[236] The TRIPs agreement recognizes the following forms of intellectual property: copyright and related rights,[237] trademarks,[238] geographical indications,[239] industrial designs,[240] patents,[241] layout-design (topographies) of integrated circuits,[242] and protection of undisclosed information.[243] As the subject of this article is international copyright law, I will restrict my analysis to the copyright section of the agreement.

The section of TRIPs devoted to copyrights is composed of five articles dealing with several issues, including TRIPs' relationship with the Berne Convention, computer programs and compilations of data, rental rights, term of protection, limitations and exceptions and the protection for performers, producers of phonograms (sound recordings), and broadcasting organizations.

a. TRIPs and the Berne Convention

Article 9 of the TRIPs agreement binds member states to comply with Berne Convention Paris Act Articles 1 to 21. However, it does not incorporate the moral rights contained in Article 6*bis* of the Berne Convention. It is important to note that even if Article 2(2) of the TRIPs agreement mentions the Rome Convention—and other parts of the TRIPs agreement make reference to it—the TRIPs agreement did not incorporate the Rome Convention, as did the Berne Convention. Some consider the failure to incorporate the Rome Convention into the TRIPs agreement as being caused by its limited membership and low level of international acceptance.[244] Others consider that the failure to incorporate the entire Rome Convention was due to the opposition of the American broadcasting entities to Article 12 of the Rome Convention.[245] As discussed above, Article 12 establishes a right to an equitable remuneration for performers and producers of phonograms when a broadcasting organization directly uses a performance or communicates it to the public.[246] While Article 14 of the TRIPs agreement provides the same basic rights for performers, producers of phonograms and broadcasting organizations as the

235. TRIPs, *supra* note 101, at art. 1(2).
236. *Id.* pt. II, §§ 1-7.
237. *Id.* pt. II, § 1, arts. 9-14.
238. *Id.* pt. II, § 2, arts. 15-21.
239. *Id.* pt. II, § 3, arts. 22-24.
240. *Id.* pt. II, § 4, arts. 25-26.
241. *Id.* pt. II, § 5, arts. 27-34.
242. *Id.* pt. II, § 6, arts. 35-38.
243. *Id.* pt. II, § 7, art. 39.
244. Caviedes, *supra* note 215, at 199.
245. Alberto Bercovitz, *Copyright and Related Rights*, *in* INTELLECTUAL PROPERTY AND INTERNATIONAL TRADE: THE TRIPS AGREEMENT, *supra* note 203, at 145-49.
246. *See* discussion *supra* at Part II.H.

Rome Convention, it does so without adding the equitable remuneration principle of the latter agreement's Article 12, which was considered unacceptable.[247]

b. Computer Programs

The Berne Convention does not include computer programs as copyrightable subject matter. The TRIPs agreement, however, protects the source and object code of computer programs as literary works under the Berne Convention terms.[248] Protecting computer programs as literary works is an important characterization because it means that the term of protection for computer programs is comparable to that of literary works, which are protected for fifty years versus the twenty-five year term of protection granted to applied arts works.[249]

The TRIPs agreement also protects the contents of computer databases as "[c]ompilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such."[250] The protection for databases does not include protection for the data itself, and "shall be without prejudice to any copyright subsisting in the data or material itself."[251] Some consider this protection insufficient because it lacks provisions to avoid unauthorized extraction of the contents of databases.[252] The European Union has taken steps to remedy the perceived lack of protection for the contents for computer databases.[253]

c. Rental Rights of Computer Programs and Films

Article 11 of the TRIPs agreement deals with the topic of rental rights as applied to computer programs and films.

> In respect of at least computer programs and cinematographic works, a Member shall provide authors and their successors in title the right to authorize or to prohibit the commercial rental of originals or copies of their copyright works. A member shall be excepted from this obligation in respect of cinematographic works unless such rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred in that Member on authors and their successors in title. In respect of computer programs, this obligation does not apply to

247. Bercovitz, *supra* note 245, at 230.
248. TRIPs, *supra* note 101, at art. 10(1).
249. *Id.* arts. 10(1), 12; Berne Convention, *supra* note 30, at arts. 7(1), 7(4). *See also* Caviedes, *supra* note 215, at 201. *But see* Bercovitz, *supra* note 245, at 151 (*citing* OMPI/WIPO, IMPLICACIONES DEL ACUERDO 105, n.34 (sustaining that the term of protection under the TRIPs agreement for computer programs is the twenty-five year term granted to woks of applied art, where the TRIPs agreement expressly supports the contrary fifty-year term).
250. TRIPs, *supra* note 101, at art. 10(2).
251. *Id.*
252. Caviedes, *supra* note 215, at 203. *See also* Bercovitz, *supra* note 245, at 152.
253. *See* Council Directive 96/9/CE, 1996 O.J. (L 077) 20.

> rentals where the program itself is not the essential object of the rental.[254]

Article 11 has three important characteristics. First, it protects authors of computer programs and cinematographic works and their successors. TRIPs member states individually define the meaning of the terms "author" and "successor." Second, protection for cinematographic works operates only if such rental has led to a widespread copying of the work which has impaired the reproduction right of the author. Member states determine whether such circumstances exist. Third, this provision does not establish rental rights in the authors when the essential object of the rental is not a computer program. So the rental of offices including furniture as well as computers is not covered. Also not included are the rentals of cars or machinery that have certain functionality operated by computer programs. As a final note, the TRIPs agreement establishes that member states are not bound to apply the provisions relative to rental rights to originals or copies purchased prior the date of application of the agreement.[255]

d. Terms of Protection

The term of protection granted by Article 12 of TRIPs is not a significant improvement over the Berne Convention. The Berne Convention continues to protect a work for a term of fifty years after an author's death, and in the case of a co-authored work that term does not begin to run until the death of the last surviving author.[256] The TRIPs agreement authorizes an alternative term of protection using a measure that is not based on the author's death.[257] The term is instead measured from the end of the year of authorized publication or from the end of the year the work was made, if the work is never published.[258] Photographic works and works of applied art are excluded from this minimum term of protection. Consequently, those works are protected under the term granted by the Berne Convention: twenty-five years from their making.[259]

e. Exceptions for Performers, Producers, and Broadcasting Organizations

The provisions of the Rome Convention that protect performers, phonogram producers and broadcasting organizations were not included in the TRIPs agreement. Notwithstanding their exclusion, the TRIPs agreement reproduces the Rome Convention's provisions in a simpler form and in fact improves upon some of the rights granted by the Rome Convention. TRIPs extends the twenty-year term of protection granted to performers and producers of phonograms by the Rome Convention to a longer term of fifty years, measured from the date of fixation or

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254. TRIPs, *supra* note 101, at art. 11.
255. *Id.* art. 70(5).
256. Berne Convention, *supra* note 30, at arts. 7(1), 7*bis*.
257. TRIPs, *supra* note 101, at art. 12.
258. *Id.*
259. Berne Convention, *supra* note 30, at art. 7(4).

vention to a longer term of fifty years, measured from the date of fixation or from the date that a performance takes place.[260] Under TRIPs, broadcast organizations continue to enjoy a term of protection of twenty years from the date on which a broadcast takes place, identical to the protection that the Rome Convention provides.[261] The TRIPs agreement also includes protection of rental rights to producers of phonograms. As a result, Article 14(4) establishes that the application of Article 11 of TRIPs with respect to computer programs applies *mutatis mutandis* to the rights of producers of phonograms.[262]

3. TRIPs Enforcement Provisions

The TRIPs agreement contains two methods of international enforcement: public and private. The private enforcement mechanism focuses on the member states, their legal provisions, administrative agencies, and judicial courts. Private remedies are normally actionable by right holders in national courts or agencies of member states, usually where an infringement takes place. Among public international enforcement provisions, TRIPs provides for the creation of the Council for Trade Related Aspects of Intellectual Property Rights in order to monitor compliance with substantive and enforcement provisions of the agreement, and to mediate in disputes.[263] However, the most important public international enforcement provisions are contained in Article 64, which submits TRIPs related disputes to the Understanding of Rules and Procedures Governing the Settlement of Disputes of the GATT of 1994. Under its rules, a complaining state may be authorized to retaliate against a non-complying member.[264]

a. Private Enforcement

Part III of the TRIPs agreement contains the private enforcement mechanisms to secure intellectual property rights. As a general matter, this part of the agreement binds member states to establish enforcement procedures with the purpose of "permit[ting] effective action against any act of infringement of . . . rights covered by [the] Agreement, including expeditious procedures to prevent infringements and remedies which constitute a deterrent to further infringements."[265] The basic principles for these enforcement procedures, established by Article 41, are as follows: a) the procedures are to be applied in a manner not constituting barriers to legitimate trade;[266] b) such procedures will be fair and equitable, not "complicated or costly," nor be implemented so as to cause unreasonable delays;[267] c) decisions on the merits shall be reasoned, in writing, made available to the parties without undue

260. TRIPs, *supra* note 101, at art. 14(5).
261. *Id. See also* Rome Convention, *supra* note 111, at art. 14(c).
262. *Id.* art. 14(4).
263. TRIPs, *supra* note 101, at art. 68.
264. GATT, *supra* note 101, at arts. XXII and XXIII.
265. TRIPs, *supra* note 101, at art. 41(1).
266. *Id*.
267. *Id.* art. 41(2).

delay, and based only on evidence offered by the parties offered a hearing;[268] and, d) the parties will have the right to judicial review of administrative and judicial decisions.[269] This part of the treaty is considered to encompass broad legal standards rather than narrow rules.[270] The characteristics that define the treaty broadly are that it is open-ended and sometimes ambiguous.[271] The open-ended approach is intended to give deference to local circumstances and differing legal philosophies.[272]

Notwithstanding the enforcement provisions that TRIPs provides, Article 41(5) establishes a safeguard provision:

> It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of laws in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and enforcement of laws in general.[273]

The meaning of this provision is that foreign right holders should not expect local courts or administrative agencies to dedicate greater resources than they would for non-intellectual property cases.[274] Therefore, general inefficiency in a legal system cannot be a cause of complaint, unless discrimination is proven. TRIPs includes such a provision because poor countries will not be able to change their entire legal system for the sole reason of complying with TRIPs enforcement provisions. The intent of the safeguard provision is secured by a Dispute Settlement Body, which considers local circumstances when mediating actual or potential conflicts between member states.[275]

Some scholars view this provision as necessary in order to tailor the imposition of legal remedies on behalf of developed countries, especially the United States, on developing countries. For others, this provision weakens the enforcement mechanism of the agreement. Professor Reichman took the former position:

> To appreciate how great these risks are, we must imagine how the U.S. Congress would react if other countries told the United States when injunctions had to be made available, what the scope of U.S. discovery and appellate review procedures should be, what actions criminalize . . . that is precisely what the TRIPs Agreement does in

268. TRIPs, *supra* note 101, at art. 41(3).
269. *Id.* art. 41(4).
270. *See* Reichman, *supra* note 230, at 345-81.
271. *Id.*
272. *Id.*
273. TRIPs, *supra* note 101, at art. 41(5).
274. *See* Reichman, *supra* note 230, at 385-86.
275. *Id.* at 72.

> considerable detail . . . However, safeguards established in article 41(5) attenuate the aforementioned obligations.[276]

The latter position is represented by Professor Cooper Dreyfuss, who points out that: "the TRIPs Agreement has a flexible standard regarding enforcement: countries are not required to treat intellectual property cases any differently from the way they 'enforce their laws in general.'"[277] Even if TRIPs enforcement provisions could be seen by developing countries as an imposition from developed countries, Article 45(5) mitigates the possible side or negative effects on developing countries' legal systems. Moreover, those enforcement provisions are not far away from the general principles of international law when protecting intellectual property rights, considered in several countries as a kind of private property.

TRIPs Articles 42 to 49 establish general parameters for civil and administrative procedures and remedies. Those articles are consistent with the general obligations established in Article 41. There is a provision for fair and equitable procedures containing several principles applicable to the procedures available to right holders.[278] Those principles include rights available to the defendant as well, such as the right to receive timely written notice containing sufficient details about the claim.[279] Parties have the right to be represented by independent legal counsel.[280] Parties furthermore have the right to substantiate their claims with relevant evidence, taking into consideration the protection of confidential information.[281] Courts may order an opposing party to produce evidence in his control when the opposing party has identified such evidence as relevant.[282] TRIPs also provides for default judgments when evidence is not produced.[283]

TRIPs private enforcement provisions provide that judicial authorities shall issue injunctions to order a party to desist from an infringement.[284] Authorities have the power to prohibit the introduction of infringing goods into their jurisdictions.[285] The agreement provides for damages and attorney's fees to compensate for injuries suffered by a right holder due to an infringement. It authorizes member states to establish statutory damages, even if the infringer does not know he was engaging in the infringing activity:

> The judicial authorities shall have the authority to order the infringer to pay the right holder damages . . . to compensate for the injury the right holder has suffered . . . by an infringer who knew

276. J.H. Reichman, *Enforcing the Enforcement Procedures of the TRIPS Agreement*, 37 VA. J. INT'L L. 335, 340 (1997).
277. Rochelle Cooper Dreyfuss, *An Alert to the Intellectual Property Bar: The Hague Judgments Convention*, 2001 U. ILL. L. REV. 421, 433 (2001).
278. TRIPs, *supra* note 101, at art. 42.
279. *Id.*
280. *Id.*
281. *Id.*
282. *Id.* art. 43(1).
283. *Id.* art. 43(2).
284. *Id.* art. 44(1).
285. *Id.*

> or had reasonable grounds to know that he was engaged in infringing activity . . . .Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not know or had no reasonable grounds to know that he was engaged in infringing activity.[286]

Along with damages and attorney's fees, the agreement establishes that infringing goods, including the materials and implements that were used for their creation are to be disposed of outside of the stream of commerce in order to avoid further damages to the right holder.[287] Moreover, those goods are to be destroyed, unless this "would be contrary to . . . constitutional requirements."[288]

Article 47 of the TRIPs agreement provides that judicial authorities shall have the power to order an infringer to provide the identity of any third persons involved in the production and distribution of infringing goods.[289] The agreement requires that parties abusing these enforcement procedures or any injunctions pay compensation and the attorney's fees incurred by the other party.[290] Furthermore, Article 49 establishes that civil remedies ordered by administrative procedures shall follow the same principles as those followed by judicial authorities.

Article 50 contains provisional measures to prevent infringements and to preserve evidence. Professor Reichman criticizes Article 50 because, while it requires states to allow provisional *ex parte* enforcement measures to be taken against an alleged infringer, "there is no firm obligation to exercise this power in practice."[291] It establishes an "irreparable harm test" that could lead to frequent denials of preliminary injunctions in developing countries.[292] These same principles are applicable to those proceedings taken by administrative authorities.[293] The most important provisions contained in Article 50 are as follows:

> 1. The judicial authorities shall have the authority to order prompt and effective provisional measures:
>
> (a) to prevent an infringement . . . from occurring, and . . . to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;
>
> (b) to preserve relevant evidence in regard to the alleged infringement.

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286. *Id*. art. 45.
287. *Id*. art. 46.
288. *Id.*
289. *Id*. art. 47.
290. *Id*. art. 48.
291. Reichman, *supra* note 276, at 341 n.29.
292. *Id.*
293. TRIPs, *supra* note 101, at art. 50(8).

> 2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* . . . where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.
>
> 3. The judicial authorities shall have the authority to require the applicant to provide . . . evidence in order to satisfy themselves . . . [with] certainty that the applicant is the right holder and that his right is being infringed or that such infringement is imminent, and to . . . provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.
>
> 4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed . . . .
>
> . . . .
>
> 6. . . . [P]rovisional measures taken . . . shall, upon request by defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority . . . or, in the absence of such a determination, not to exceed twenty working days or thirty-one calendar days, whichever is the longer.
>
> 7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is . . . found that there has been no infringement or threat of . . . the judicial authorities shall have the authority . . . upon request of defendant, to provide [him] appropriate compensation for any injury caused by these measures.[294]

The next part of the agreement deals with border, or frontier, measures. When a right holder suspects that a prohibited importation is occurring, he may file a complaint with competent national judicial or administrative authorities to force suspension of the circulation of infringing goods.[295] The application shall provide sufficient evidence to satisfy the authority issuing the order to halt importation that

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294. *Id.* art. 50.
295. *Id.* art. 51.

there is in fact a *prima facie* case of infringement.[296] The issuing authority may require some form of security from the applicant in case the applicant's case fails on the merits, or in case of an abuse of process by the applicant.[297] If the applicant, or any other party other than the defendant, does not commence proceedings to decide the case on the merits within ten working days (extendable for a further ten working days) after being served with the notice of suspension, the goods must be released.[298] The authority deciding the case on the merits may modify the preliminary suspension.[299] Member states may require competent authorities to initiate these proceedings upon their own initiative in an *ex officio* action.[300]

b. Public enforcement provisions

Having described private law enforcement provisions, it is time to turn to the public international law enforcement provisions. Private law enforcement provisions are a means by which TRIPs member states may enforce the TRIPs agreement, including its private law enforcing provisions. Public enforcement provisions differ from private enforcement mechanisms in that they may not be enforced directly by private right holders. They are only available for use by one member state against another member state or states.[301] This public international enforcement part of the TRIPs agreement is contained in Article 64, which submits TRIPs disputes to the provisions of Articles XXII and XXIII of GATT.[302]

Article XXIII of the 1994 GATT establishes three causes of action for member states. These causes of action lie when any benefit of the Uruguay Round is directly or indirectly being nullified or impaired as the result of "(a) the failure of another contracting party to carry out its obligations under this agreement; or (b) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement; or (c) the existence of any other situation."[303]

The first cause of action is widely known as a *violation complaint*.[304] A violation complaint encompasses literal breaches of the GATT agreement where, for example a member state fails to enact any of the mandatory substantive or enforcement provision contained in the TRIPs agreement.[305] Another example is

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296. *Id.* art. 52.
297. *Id.* art. 53(1).
298. *Id.* art. 55.
299. *Id.*
300. *Id.* art. 58.
301. General Agreement on Tariffs and Trade 1994, Apr. 15, 1994, art. XXIII, 1867 U.N.T.S 154, 33 I.L.M. 1143 [hereinafter GATT 1994].
302. Understanding on Rules and Procedures Governing the Settlement of Disputes, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, Legal Instruments—Results of the Uruguay Round, 33 I.L.M. 1125 (1994) [hereinafter DRU].
303. GATT 1994, *supra* note 301, at art. XXIII.
304. *See* Tuan N. Samahon, *TRIPS Copyright Dispute Settlement After the Transition and Moratorium: Nonviolation and Situation Complaints against Developing Countries*, 31 LAW & POL'Y INT'L BUS. 1051, 1059 (2000).
305. *Id.*

where piracy exists in computer systems used by a government's own agencies.[306] The violation complaint is the most commonly used cause of action in the context of TRIPs agreement. As a matter of fact, all the TRIPs cases arising under Article XXIII have been complaints based on this cause of action against member states that failed to provide minimum substantive and procedural protection.[307] Moreover, a violation complaint is the most straightforward action to bring because these kinds of breaches are presumed to cause harm.[308]

The second GATT cause of action is much broader than the cause of action for a violation complaint because it covers circumstances outside the purview of the agreement.[309] This cause of action, known as *non-violation complaint*, does not require any literal breach of a TRIPs provision. To prevail on a non-violation complaint, the complaining member state must demonstrate 1) an action taken by a member state that causes an objective of the agreement to be impeded, whether or not the action taken conflicts with the agreement; 2) an injury as a result of the action taken; and 3) reliance on the nonoccurrence of the measure taken.[310] A non-conflicting action taken by a member state within the terms of the TRIPs agreement could result in the application of several different judicial remedies.[311] For instance, judges may award monetary damages of just a few days of minimum wages for infringements made in huge commercial cases. Judges of a given country are authorized to destroy pirated goods, under the terms of TRIPs Article 46, and are also authorized to impose prison sentences on persons committing commercial piracy under the terms of TRIPs Article 61. No judge is known to have done this. Instead, judges have systematically denied the destruction remedy as well as other TRIPs remedies to right holder plaintiffs.[312] As non-enforcement is the typical result of a non-violation complaint, TRIPs is being nullified by local judges even if accepted by the judge's own country. Consequently, the most common non-violation complaints seem to be related to the discretion of judicial or administrative authorities when granting (or denying) the remedies provided by TRIPs.

Demonstrating detrimental reliance within the context of international intellectual property law is a difficult proposition. As an example, if the incentive for the creation of computer software is that it will be protected in a specific foreign country; demonstrating reliance will depend on the size of a country's market or whether it was the targeted market when the computer program was developed. In any case, the demonstrated reliance is really that of the specific firm that suffers a loss, not its government.[313] Professor Dreyfuss argues that "if the TRIPs Agreement is to be successful in encouraging investment in innovation, it would be wise

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306. *Id.*
307. *Id.*
308. Rochelle Cooper Dreyfuss & Andreas F. Lowenfield, *Two Achievements of the Uruguay Round: Putting TRIPs and Dispute Settlement Together*, 37 VA. J. INT'L L. 275, 283 (1997).
309. GATT 1994, *supra* note 301, at art. XXIII(1)(b).
310. Dreyfuss & Lowenfeld, *supra* note 308, at 284.
311. Samahon, *supra* note 304, at 1061.
312. *Id.* at 1062.
313. Dreyfuss & Lowenfeld, *supra* note 308, at 287.

not to impose a severe burden of showing reliance in TRIPs cases. Indeed . . . reliance should be presumed."[314] Otherwise, it would be difficult to demonstrate that a specific enterprise took the decision to develop specific software due to the expected protection in a given respondent country.[315]

In the traditional context of dispute resolution under the GATT agreement, damages relate to the loss of trading opportunities by a member state because of restraints imposed by the respondent country upon complainant country products.[316] The trade restraints imposed by the respondent member state prevent the complainant country's products from physically reaching the respondent country's market. However, the case of intellectual property is different because physical restraint on trade does not prevent the exploitation of intellectual property in the country imposing trade barriers. The product in which the intellectual property is fixed is present in the respondent state; the problem lies in the loss of profits due to infringement of the intellectual property.[317] In any case, the complainant state has to demonstrate that one of its nationals had lower earnings due to the respondent's measures and then compare such earning to that of another contracting state with similar market conditions.[318] Due to the difficulties in demonstrating the elements of reliance and harm, it is easy to understand why all TRIPs cases have been brought using the violation cause of action instead of the non-violation cause of action.

Given the challenges in sustaining a non-violation action, the third cause of action is even more burdensome and difficult to use. The third cause of action is known as a *situation complaint*,[319] which is specified by Article XXIII of GATT.[320] This cause of action is even broader and more vague than a non-violation complaint and it seems unlikely that it will ever be used. As in a non-violation complaint, there is no literal breach of TRIPs obligations asserted in a situation complaint.[321] No situation complaint has ever appeared either in the WTO context or under its GATT predecessor.[322] The underlying situation is defined as "an identifiable [cause that the] WTO member is capable of correcting."[323] The situation complaint attaches to an even more general situation or problem present in a member state than is present in a non-violation complaint, such as an inefficient judiciary or other related problems.[324] Given the safeguard provision of TRIPs Article 41(5), it is unlikely this type of complaint could be used, as that section states that it "does not create any obligation to put in place a judicial system for the enforce-

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314. *Id.*
315. *Id.*
316. *Id.* at 288.
317. *Id.*
318. *Id.*
319. Samahon, *supra* note 304, at 1065. *See* GATT 1994, *supra* note 301, at art. XXIII(1)(c).
320. Samahon, *supra* note 304, at 1065.
321. *Id.*
322. *Id.*
323. Frieder Roessler, *The Concept of Nullification and Impairment in the Legal System of the World Trade Organization*, *in* INTERNATIONAL TRADE LAW AND THE GATT/WTO DISPUTE SETTLEMENT SYSTEM 123, 139 (Ernst-Ulrich Petersmann ed., 1997).
324. *See* Samahon, *supra* note 304, at 1066.

ment of intellectual property rights distinct from that for the enforcement of laws in general."[325]

III. REGIONAL COPYRIGHT LAW

A. North American Free Trade Agreement (NAFTA Chapter 17)

1. Origins and Evolution

NAFTA Chapter 17 shares its origins with the TRIPs agreement.[326] In 1991, the Director-General of GATT promulgated a draft of the TRIPs agreement.[327] NAFTA negotiators, seeing the utility of the trade measures contained in the TRIPs draft, discarded their respective position drafts and negotiated on the TRIPs draft instead.[328] The result was a trade agreement that adopted provisions and concepts similar to those contained in the TRIPs agreement. This is not extraordinary since both have similar contexts and origins.[329] Like the TRIPs agreement, NAFTA requires member states to give effect to the provisions of prior international copyright treaties, specifically the Berne Convention of 1971 and the Geneva Convention for the Protection of Producers of Phonograms.[330] Even though NAFTA negotiations began after TRIPs negotiations, they were completed a year ahead of TRIPs.[331] This expeditious outcome was possible because only three countries—Canada, the United States and Mexico—negotiated the agreement.

The terms of NAFTA Chapter 17 are quite similar to the terms of the TRIPs agreement. Since TRIPs terms were explained in the last subsection, I will focus on the differences between the two agreements.

2. Relevant Substantive Provisions of NAFTA Chapter 17

Regarding its relationship with earlier copyright conventions, NAFTA binds the parties to "give effect to this chapter [17] and to the substantive provisions of: (a) the Geneva Convention for the Protection of Producers of Phonograms . . . ; [and] (b) the Berne Convention."[332] When comparing TRIPs to NAFTA, one commentator suggests that TRIPs is more deferential than NAFTA in relation to the Berne Convention,[333] as "it explicitly incorporates all the Convention's substance whereas NAFTA seems to merely tip its hat in the Convention's direc-

325. TRIPs, *supra* note 101, at art. 41(5).
326. *See* Martin D.H. Woodward, *TRIPs and NAFTA's Chapter 17: How Will Trade-Related Multilateral Agreements Affect International Copyright?,* 31 TEX. INT'L L.J. 269, 274 (1996).
327. *Id.* at 273.
328. *Id.* at 274.
329. *See* GOLDSTEIN, *supra* note 3, at 48; *see also* Woodward, *supra* note 326, at 274.
330. North American Free Trade Agreement, art. 1701(2), Dec. 17, 1992, 32 I.L.M. 289 (parts 1-3), 32 I.L.M. 605 (parts 4-8) (entered into force Jan. 1, 1994) [hereinafter NAFTA].
331. *See* GOLDSTEIN, *supra* note 3, at 48. NAFTA was signed in December, 1992. Woodward, *supra* note 326, at 274.
332. NAFTA, *supra* note 330, at art. 1701(2).
333. Woodward, *supra* note 326, at 275.

tion."[334] TRIPs simply instructs that "[m]embers shall comply with . . . the Berne Convention."[335] Even though the language referencing or incorporating the Berne Convention by both TRIPs and NAFTA is quite similar,[336] the argument's soundness holds up when the circumstances surrounding the negotiations of the respective agreements are examined. One of the key goals of TRIPs was to attract developing countries into the Berne Convention, whereas in the case of NAFTA the three parties already belonged to the Berne Convention at the time when negotiations took place, making such a concern irrelevant.[337]

According to NAFTA Article 1703(1), the point of attachment of NAFTA is nationality. The protection and enforcement of all intellectual property rights is based on the fundamental underlying principle of national treatment.[338] This principle, however, has a limitation related to sound recordings in that a party may limit secondary use rights—those broadcasting rights contained in Article 12 of the Rome Convention—of both performers and producers of phonograms.[339] The effect of this provision is that

> Mexico and Canada, which are parties of the Rome Convention, which entitles performers to rights in the broadcast of their recordings, are not obligated to provide for compensation to American Performers whose performances are publicity transmitted in Mexico since the United States, not a party to the Rome Convention, does not grant a right to compensation under its domestic law.[340]

It is important to explain the context of how national treatment, a key principle of Berne, was incorporated into NAFTA. Like the Berne Convention, NAFTA does not condition acquisition of rights on complying with formalities or conditions in order to obtain national treatment.[341] NAFTA adds the establishment of national treatment for related or neighboring rights not covered by the Berne Convention. In the NAFTA countries, this principle is understood to halt the practices developed in the European Union subjecting protection of related rights to reciprocity, or formalities such as first publication.[342]

Article 1705(1) of NAFTA defines what subject matter is protected. Article 1705 establishes that member states shall protect any works covered by the Berne

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334. *Id.*
335. TRIPs *supra* note 101, at art. 9(1).
336. Specifically, NAFTA Article 1701(2) establishes: "[t]o provide adequate and effective protection and enforcement of intellectual property rights, each party shall, at minimum, give effect to this Chapter and to the substantive provisions of: . . . (b) the Berne Convention for the Protection of Literary and Artistic Works, 1971 (Berne Convention)." NAFTA, *supra* note 330, at art. 1701(2).
337. Woodward, *supra* note 326, at 275.
338. NAFTA, *supra* note 330, at art. 1703. For a discussion of points of attachment and national treatment, *see* discussion *supra* Parts I, II.B.1.
339. NAFTA, *supra* note 330, at arts. 1701, 1703(3).
340. GOLDSTEIN, *supra* note 3, at 49.
341. NAFTA, *supra* note 330, at art. 1703(2).
342. GOLDSTEIN, *supra* note 3, at 49.

Convention, and any other works that represent original expression within the meaning of the Berne Convention.

NAFTA enhances the definition of works covered by the Berne Convention in order to provide protection to computer programs and databases. NAFTA provides that "all types of computer programs are literary works within the meaning of the Berne Convention."[343] The wording of the TRIPs protection differs: "[c]omputer programs . . . shall be protected as literary works under the Berne Convention."[344] While the difference appears slight, it is important. U.S. computer copyright holders lobbied for the inclusion of these terms so that the computer program itself is considered a literary creation, instead of being treated as something different and thus not entitled to the same strong copyright protection as literary works.[345]

Despite this achievement, there are certain concerns remaining among copyright holders regarding the protection granted by TRIPs and NAFTA to computer programs that may affect the holder's rights when those computer programs are introduced overseas.[346] Copyright protection does not extend to the basic technical ideas encompassed in the computer programs that can be revealed by reverse engineering.[347] Consequently, the protection granted by TRIPs and NAFTA is limited to preventing the literal copying of part or the whole program including its code and not its underlying ideas.[348] Nevertheless, this issue is not related directly to the content of both treaties but it is a problem resulting from considering computer programs literary creations protected by copyright legal provisions and not inventions protected by patent law. It is very unlikely that the look and feel doctrine developed in the United States—granting protection to the structure, sequence, and organization of a computer program—[349]would be adopted by other jurisdictions or an international treaty. Those elements are not the traditional subjects of any copyright law.

NAFTA protects and defines databases in a manner much the same as the TRIPs agreement.[350] The protection does not extend to the data itself, but instead only protects "the selection or arrangement of their contents."[351]

The fair use provisions contained in NAFTA are also similar to those contained in the TRIPs agreement. Both treaties contain provisions that are broader and more vague than the Berne Convention provisions on fair use. TRIPs Article 13 and NAFTA Article 1705(5) establish that each party or member state shall provide for limitations of the rights covered "to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate

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343. NAFTA, *supra* note 330, at art. 1705(1).
344. TRIPs, *supra* note 101, at art. 10(1).
345. Woodward, *supra* note 326, at 276.
346. *Id.*
347. *Id.*
348. *Id.*
349. For example, in *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222 (3rd Cir. 1986), the court held that copyright protection covers those elements.
350. TRIPs, *supra* note 101, at art. 10(2); NAFTA, *supra* note 330, at art. 1705(1)(b).
351. NAFTA, *supra* note 330, at art. 1705(1)(b), *accord* TRIPs, *supra* note 101, at art. 10(2).

interests of the right holder."[352] Special cases are defined by NAFTA member states, which may create some uncertainty about their scope.

Regarding rentals of computer programs and sound recordings, NAFTA has nearly the same approach as the TRIPs agreement, with slight differences. While NAFTA grants these rental rights only to holders of computer programs and producers of sound recordings,[353] TRIPs also gives those rights to holders of cinematographic works and any right holders of phonograms as determined by domestic law, including performers and perhaps broadcasting organizations.[354] Nevertheless, member states shall be excused from granting those rights to cinematographic works if unauthorized rentals have not led to widespread copying of such works.[355]

The protection to neighboring rights is more extensive in TRIPs than in NAFTA. While NAFTA only contains rights of producers of phonograms, the TRIPs agreement also protects performers and broadcasting organizations.[356] The rights granted by NAFTA to producers of sound recordings are the rights to prohibit or authorize direct or indirect reproduction of sound recordings, the importation of copies made without authorization, first public distribution of the original or a copy of the sound recording by sale, rental or otherwise, and commercial rental.[357]

Article 1707 of NAFTA pertains to satellite transmission of copyrighted works. It contains protection for encrypted satellite signals carrying program material. It obliges member states to make it a criminal offense to manufacture, import, sell, lease or make available a device designed to decode those signals. It obliges member states to make the unauthorized distribution of such signals a civil offense.[358]

NAFTA's term of protection is similar to the fifty-year term established by the Berne Convention.[359] Article 1701 gives effect to many of the substantive provisions of the Berne Convention. Article 1705(4) serves to clarify terms of protection considered on a different basis than the author's death, establishing that

> [e]ach party shall provide that, where the term of protection of a work, other than photographic work or a work of applied art, is to be calculated on a basis other than the life of a natural person, the term shall be not less than 50 years from the end of the calendar year of the first authorized publication of the work or, failing such authorized publication within 50 years from the making of the work, 50 years from the end of the calendar year of making.[360]

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352. NAFTA, *supra* note 330, at art. 1705(5), *accord* TRIPs, *supra* note 101, at art. 13.
353. NAFTA, *supra* note 330, at arts. 1705(2)(d), 1706(1)(d).
354. TRIPs, *supra* note 101, at arts. 11, 14(4).
355. *Id.* art. 11.
356. NAFTA, *supra* note 330, at art. 1706; TRIPs, *supra* note 101, at art. 14.
357. NAFTA, *supra* note 330, at art. 1706.
358. NAFTA, *supra* note 330, at art. 1707.
359. Berne Convention, *supra* note 30, at art. 2(7).
360. NAFTA, *supra* note 330, at art. 1705(4).

The minimum term of protection for sound recordings is also fifty years from the end of the calendar year in which the recording was fixed or made.[361]

Like the TRIPs agreement, NAFTA does not give full effect to moral rights included in Article 6*bis* of the Berne Convention. Even if under NAFTA each party has to give effect to the substantive provisions of the Berne Convention, NAFTA Article 1701(3) and its Annex 1701.3(2) establish that Article 6*bis* of the Berne Convention does not grant any right or impose any obligation on the United States, nor does NAFTA act as a source of rights derived from the Berne Convention in the United States. The TRIPs agreement, however, establishes that "[m]embers shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6*bis* of . . . [the Berne Convention] or of the rights derived therefrom."[362] The exceptions in both agreements result from compromises between different parties belonging to different legal traditions. Whereas the incorporation of the Berne Convention to both agreements seems to be an approach to the continental copyright tradition, the exclusion of moral rights obligations for the United States, under NAFTA, and their exclusion for all member states under TRIPs, is the result of negotiations and accommodations between the two primary legal traditions, the common law and the civil law.

Although NAFTA compromises between the two legal systems, an important legal principle coming from the civil law tradition disappears under NAFTA. The inalienable characteristic of copyrights or author rights comes from the monistic interpretation of those rights developed by Kant, von Gierke and Allfred.[363] This approach has been adopted by several civil law tradition jurisdictions, implemented through such legislation as the German Copyright Act and the Mexican Copyright Act, notwithstanding the NAFTA provisions to the contrary.[364] Article 1705(3) seems to outlaw this traditional civil law principle. It establishes that "any person acquiring or holding economic rights may freely and separately transfer such rights by contract for purposes of their exploitation and enjoyment by the transferee."[365] Moreover, Article 1705 also establishes that persons acquiring economic rights by contract shall be able to enjoy and exercise those rights in their name and enjoy the benefits derived from them.[366]

3. NAFTA Enforcement Provisions

NAFTA and TRIPs have similar enforcement provisions.[367] Enforcement provisions under both treaties are divided into those containing internal law remedies such as civil or administrative procedures, and public international law provisions comprised of dispute settlement procedures in which only member states have

361. NAFTA, *supra* note 330, at art. 1706(2).
362. TRIPs, *supra* note 101, at art. 9(1).
363. W.W. Kowalski, *A Comparative Analysis of the Retained Rights of Artists*, VAND. J. TRANSNAT'L LAW 1141, 1145-46 (2005).
364. *Id.*
365. NAFTA, *supra* note 330, at art. 1705(3)(a).
366. *Id.* art. 1705(3)(b).
367. *See* discussion *supra* Part II.I.3.

standing. In order to avoid repeating the explanation of these enforcement provisions already explained in the TRIPs section of the present article, I will abbreviate the equivalent NAFTA provisions.

As under TRIPs, the civil and administrative remedies contained in NAFTA include the right to compensatory damages,[368] border measures that protect against the entry of infringing goods into the domestic market,[369] and the availability of interim injunctions to preserve evidence and to prevent infringement.[370] In order to obtain those injunctions, both treaties provide that a party alleging infringement must prove that he is the right holder; that his rights are being infringed upon or such infringement is imminent; and that "any delay . . . is likely to cause irreparable harm to the right holder."[371] Both treaties provide the rules for cases when such measures are granted *ex parte*, including the rights of individuals against whom the measures have been taken.[372]

Deterrence measures under NAFTA also mirror those of TRIPs. Judicial authorities may order the removal of infringing goods out of the channels of commerce or may order their destruction.[373] Similar measures are provided to control the materials used in the creation of infringing goods.[374] Both agreements require member states to apply criminal penalties in cases of willful trademark counterfeiting and also when copyright piracy is effected on a commercial scale.[375] These remedies also include fines and must be sufficiently penal in nature in order to have a deterrent effect.[376]

NAFTA does not have a provision similar to TRIPs Article 41(5), which establishes that TRIPs "does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of the laws in general."[377] Even though Mexico is a developing country, NAFTA requires compliance with stricter enforcement requirements than other developing countries face under TRIPs.

Both agreements provide for border measures that allow right holders who suspect the importation of infringing goods to apply to the judicial or administrative authorities for customs officials to suspend the importation of those goods.[378] While designed to be effective, such measures are also designed to dissuade frivolous use in order to protect defendants, and also to avoid their use as non-tariff barriers by issuing countries.[379] As with the TRIPs agreement, competent authorities

368. *See* NAFTA, *supra* note 330, at art. 1715(2)(d); TRIPs, *supra* note 101, at art. 45(1).
369. *See* NAFTA, *supra* note 330, at arts. 1715(2)(c), 1716(1); TRIPs, *supra* note 101, at arts. 44, 50.
370. *See* NAFTA, *supra* note 330, at art. 1716; TRIPs, *supra* note 101, at art. 50.
371. TRIPs, *supra* note 101, at art. 50(2), *accord* NAFTA, *supra* note 330, at art. 1716(2)(a)-(c).
372. *See* NAFTA, *supra* note 330, at art. 1716(5); TRIPs, *supra* note 101, at art. 50(4).
373. *See* NAFTA, *supra* note 330, at art. 1715(5); TRIPs, *supra* note 101, at art. 46.
374. *See* NAFTA, *supra* note 330, at art. 1715(5); TRIPs, *supra* note 101, at art. 46.
375. *See* NAFTA, *supra* note 330, at art. 1717(1); TRIPs, *supra* note 101, at art. 61.
376. *See* NAFTA, *supra* note 330, at art. 1717(1); TRIPs, *supra* note 101, at art. 61.
377. TRIPS, *supra* note 101, at art. 41(5).
378. NAFTA, *supra* note 330, at art. 1718; TRIPs, *supra* note 101, at § 5.
379. *See* W. Lee Webster, *The Impact of NAFTA, GATT and TRIPs Provisions on Trademark and Copyright Law*, 455 PLI/PAT 21, 50 (1996).

may also act on their own initiative,[380] and may order the disposal and destruction of infringing goods in the same way that judicial and administrative authorities do.[381]

Chapter 20 of NAFTA establishes a dispute settlement process similar to the process referred to in Article 64 of TRIPs. The principal difference between the two agreements is that unlike NAFTA, the TRIPs Dispute Resolution Understanding provides for the establishment of an appellate body to hear appeals from panel decisions.[382] Nevertheless, both procedures have proven to be helpful in avoiding unilateral trade sanctions based on the lack of protection for intellectual property.[383]

B. European Union Copyright Harmonization

1. General Background on Copyright Harmonization

The European Union has no explicit competence or power to legislate on intellectual property or copyright law.[384] Nevertheless, when national laws conflict with the European Union's fundamental objectives, namely the free movement of goods[385] and services,[386] fair rules of competition,[387] and the prohibition of discrimination,[388] the European Court of Justice (E.C.J.) has held that national laws are subject to the European Community Treaty provisions such that Community principles prevail:

> The principles to be considered in the present case are those concerned with the attainment of a single market between the Member States . . . under the free movement of goods, and . . . the institution of a system ensuring that competition in the common market is not distorted . . . . It is thus in the light of those provisions, especially of Articles 36, 85 and 86, that an appraisal should be made as to how far the exercise of a national right related to copyright may impede the marketing of products from another Member State.[389]

The E.C.J. has held that a manufacturer of sound recordings that authorizes their first sale in a member state cannot prohibit the subsequent sale of those re-

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380. *See* NAFTA, *supra* note 330, at art. 1718(11); TRIPs, *supra* note 101, at art. 58.
381. *See* NAFTA, *supra* note 330, at art. 1718(12); TRIPs, *supra* note 101, at art. 59.
382. DRU, *supra* note 302, at art. 17(1).
383. Webster, *supra* note 379, at 57.
384. *See* Caviedes, *supra* note 215, at 209.
385. *See* Treaty on European Union, arts. 30, 36, Feb. 7, 1992, 1992 O.J. C 224/1, 31 I.L.M. 247 [hereinafter TEU]. The TEU amended the Treaty Establishing the European Economic Community, Mar. 25, 1957, 298 U.N.T.S. 11 [hereinafter EEC Treaty].
386. TEU, *supra* note 385, at arts. 59, 66.
387. *Id.* art. 86.
388. *Id.* art. 6.
389. Case 78/70, Deutsche Grammophon Gesellschaft GmbH v. Metro-SB-Grossmärkte GmbH & Co. KG, 1971 E.C.R. 487, 512 (1971).

cordings in other community countries. The exclusive right to distribute a protected work would otherwise affect community provisions requiring the free movement of products within the European Union.[390] This decision forced a change in the effect of the European Union's first sale doctrine.[391] Transactions taking place within the Community are considered to be within a single market for purposes of first sale doctrine and the exhaustion of distribution rights. The power of the European Union courts to rule on copyright law responds to the avoidance of national copyright laws becoming an obstacle to the free movement of goods in the community, or an obstacle to the European Union's general organizational and internal policy objectives. Another possible source of European Union power over copyright law is Article 128 of the European Community Treaty, which deals with the promotion of culture.[392]

E.C.J. decisions and Article 128 are not the only factors that have led to copyright harmonization in the European Union. As a result of technological development, the interstate flow of goods and services containing protected works increased substantially during the 1980s.[393] Along with this increase in the flow of goods, there was a commensurate increase in the piracy of sound and video recordings, which represented a threat to legitimate trade in the community.[394] These factors led to the establishment of a commission to develop regulations in order to bring copyright and related rights under the policy umbrella of the European Union.

The European Union's efforts to move toward copyright harmonization began in 1988 with the issuance of the *Commission Green Paper on Copyright and the Challenges of Technology*.[395] The *Green Paper* outlined issues that required attention at the Community level, such as piracy, home recording of sound and audiovisual protected works, distribution and rental rights of certain protected works, and the protection of computer programs and databases.[396] Even though it was criticized for failing to establish uniform protection within the Community,[397] the *Green Paper* was the first step that the European Commission took towards a copyright harmonization policy.[398] In 1991, there was a revision to the initial document called *Follow-up to the Commission Green Paper: Working Programme of the*

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390. *Id.*

391. The first sale doctrine establishes that once a copyright holder sells or distributes her work or a copy of it, she cannot control subsequent transfers of the work or a copy. There are limited situations, however, when she can control the subsequent distribution, as in the case of computer programs or audiovisual works in which the holder can control the subsequent distribution or rent. The basic assumption is that at the international level this distribution right has been exhausted only within one country's borders and not outside them. A right holder may prevent the importation of works lawfully distributed abroad. The implication of this decision is that the authorization given by the copyright holder exhausts the distribution right not only in the specific European Union country but also in the territory of all community members. GOLDSTEIN, *supra* note 3, at 306-07.

392. Caviedes, *supra* note 215, at 209.

393. STERLING, *supra* note 7, at 762.

394. *Id.*

395. *Commission Green Paper on Copyright and the Challenges of Technology,* COM (1988) 172 final (June 17, 1988); *see also* Caviedes, *supra* note 215, at 209.

396. STERLING, *supra* note 7, at 762.

397. *See* Caviedes, *supra* note 215, at 210; EEC Treaty, *supra* note 384, at art. 1(p).

398. *See* STERLING, supra note 7, at 762.

Commission in the Field of Copyright and Neighboring Rights.[399] The next step was the 1995 *Green Paper on Copyright and Related Rights, in the Information Society*,[400] and its revision, called the *Commission's 1996 Follow-up*.[401] All these consultative documents led to the development of several directives related to copyright law. However, I will outline the most important aspects of them.

2. Directive on the Legal Protection of Computer Programs[402]

Before the adoption of the Directive on the Legal Protection of Computer Programs (Computer Programs Directive), there were several problems regarding computer programs and copyright. At the time the Computer Programs Directive was implemented, no international treaty gave express copyright protection to computer programs. Problems ranged from the most basic, such as statutory copyright protection for computer programs, to originality requirements and possible limitations to the reproduction rights that ultimately enable end users to utilize the program itself. As these problems were thought to affect the European Common Market, the Computer Programs Directive sought to address them.

When the Computer Programs Directive was drafted, only a few countries provided statutory protection for computer programs. Those countries were Germany, Spain, the United Kingdom, France, and Denmark.[403] Other countries recognized software protection through case law. Those countries were Italy, the Netherlands, and Greece.[404] In a third group of European countries, copyright protection for software was unsettled; this group included Luxemburg, Belgium, Ireland and Portugal.[405] In countries offering software protection via case law, even if computer programs were not expressly protected under any statute, software was considered by the courts to fall within the protection of copyright law as a literary work.

Another problem that prompted the Computer Programs Directive was the degree of originality required for copyright protection and the level of protection conferred. Also, at the infringement stage of a specific infringing action, differences in the degree of protection could arise. For instance, in the U.S. case *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.*, the Third Circuit held that copyright protection extends not only for literal elements of the program but also for its structure, sequence and organization.[406] In contrast, the Second Circuit, in *Computer Associates International, Inc. v. Altai, Inc.*, rejected the *Jaslow* reasoning and established the substantial similarity test for computer programs called the Abstrac-

399. *Follow-up to the Commission Green Paper: Working Programme of the Commission in the Field of Copyright and Neighbouring Rights*, COM (1990) 584 final (Jan. 17, 1991).
400. *Commission Green Paper on Copyright and Related Rights in the Information Society* COM (1995) 382 final (July 19, 1995).
401. *Follow-up to the Commission Green Paper on Copyright and Related Rights in the Information Society* COM (1996) 586 final (Nov. 20, 1996).
402. Council Directive 91/250/EEC, 1991 O.J. (L122) 42 (EU) [hereinafter Computer Programs Directive].
403. Paul Bruno Arenas, *Implementation, Compliance and Enforcement: The European Community Directive for the Legal Protection of Computer Software*, 5 TRANSNAT'L LAW 803, 820 (1992).
404. *Id.* at 827.
405. *Id.* at 829.
406. 797 F. 2d 1222, 1248 (3d Cir. 1986).

tion-Filtration-Comparison test.[407] As these cases show, the level of creativity required may vary even within the same legal system. While *Jaslow* requires a higher level of creativity by coming very close to protecting the underlying ideas of the computer program, *Altai* offers a more reasonable approach so as to avoid patent-like protection for copyrighted software.

Applying copyright protection for computer programs is also a tricky business in Germany. In *Inkasoprogramm*,[408] the standard for receiving protection was based on a comparison of the current expression with all previous expressions.[409] For an attempt to maintain copyright protection for algorithms and other mathematical theories to prevail, the court required more than a linking series of algorithms in order to satisfy originality requirements.[410] Under these originality requirements, most computer programs were ineligible to receive protection and consequently would infringe prior programs. It was estimated, in fact, that only one-third of attempts to copyright computer programs received copyright protection.[411] In some jurisdictions—such as the United States—courts apply the substantial similarity test, which considers making changes just for the purpose of avoiding literal copying to be an act of infringement. Obviously, *Jaslow* and *Altai* took very different approaches to that test.

In order to alleviate the problem of differing originality requirements affecting the European Common Market, the Council of Ministers adopted the Directive on the Legal Protection of Computer Programs in May, 1991; member states were required to implement it by January, 1993.[412]

The introductory recitals of the Computer Programs Directive enumerate some of the reasons for its adoption. Among the most important, Recital 1 establishes that computer programs were not clearly protected by member states in their existing internal legislation and where protection existed it had differing levels of protection. Recital 2 points out that the development of a computer program requires great investment, while at the same time it may be copied by a pirate at a fraction of the cost needed for its independent development. Recital 4 indicates that differences in the legal protection of computer programs have a negative effect on the common market and these differences may increase as member states introduce new legislation on the subject. Regarding the criteria to be applied when determining the originality of a computer program, Recital 8 establishes that no test of the qualitative or aesthetic merits of the program should be applied. It is important to remember that neither TRIPs nor the WIPO Copyright Treaty has properly resolved this problem, and differences in the level of protection vary widely among TRIPs members. For instance, the level of protection granted in *Jaslow* extended almost to the idea, while the level of protection generally granted by Mexican law

407. 126 F.3d 365 (2d Cir. 1997).
408. Bundesgerichtshof [BGF] [Federal Court of Justice] May 9, 1985, 52 Entsheidungen des Bundesgerichtshof in Zivilsachen [BGHZ] 83 (F.R.G.) (trans. in 17 INT'L REV. INDUS. PROP. COPYRIGHT L. 681 (1986); commented on by Arenas, *supra* note 403, at 822).
409. *Id.*
410. *Id.*
411. *See* Arenas, *supra* note 403, at 823.
412. *See* Computer Programs Directive, *supra* note 402, at art. 10(1).

only extends to the literal copying of the source code, object code, and audiovisual elements.[413] Recitals 10 to 12 and 17 to 24 of the Computer Programs Directive establish that special exceptions to the reproduction right are needed, like loading and running, interoperability, and so on.

Even if the Computer Programs Directive does not actually define what a computer program is, Article 1(1) establishes that member states shall protect them as literary works within the meaning of the Berne Convention.[414] Under the directive, protection covers the expression of any idea in any form of computer program. It does not, however, cover any principles or ideas underlying a computer program.[415]

In order to avoid differing originality criteria, especially a restrictive criterion like the German qualitative or aesthetic test, Article 1(3) of the Computer Programs Directive establishes that a "computer program shall be protected if it is original in the sense that it is the author's own intellectual creation. No other criteria shall be applied to determine eligibility for protection."[416] Also, Article 1(2) of the Computer Programs Directive clearly establishes that the level of protection does not extend to those elements protected in *Jaslow*, namely structure, sequence and organization. It states that "[p]rotection in accordance with this Directive shall apply to the expression in any form of a computer program. Ideas and principles which underlie any element of a computer program, including those which underlie its interfaces, are not protected by copyright under this Directive."[417]

Article 2 of the Computer Programs Directive addresses questions of authorship. Legal persons or groups of persons that create a program may be recognized as right holders when the legislature of a Member State permits it.[418] Unless contract provisions to the contrary vary the rule, an employer is entitled to all economic rights derived from a computer program created by employees in execution of their duties or under the instruction of their employer.[419]

Article 4 establishes the exclusive economic rights that attach to a copyrighted computer program. Those economic rights include the right to perform or authorize a) the permanent or temporary reproduction of the computer program; b) the translation, adaptation, arrangement and any alteration of the computer program; and c) distribution to the public, including rental. The exhaustion right over the copy will control exhaustion of any rental right.[420]

Articles 5 and 6 of the Computer Programs Directive contain limited exceptions to the economic rights contained in Article 4. They include the rights to create backup copies of computer programs, to correct errors contained in the program, and to test the functioning of the computer program.[421] In certain circum-

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413. Ley Federal del Derecho de Autor [Copyright Law], *as amended,* arts. 14,102, 106, Diario Oficial de la Federación [D.O.], 23 de Julio de 1997 (Mex.).
414. *See* Computer Programs Directive, *supra* note 402, at art. 1(1).
415. *Id*. art. 1(2).
416. *Id*. art. 1(3).
417. *Id*. art. 1(2).
418. *Id*. art. 2(1).
419. *Id*. art. 2(3).
420. *Id*. art. 4.
421. *Id*. art. 5.

stances, Article 6 allows decompilation of the computer program in order "to obtain information necessary to achieve the interoperability of an independently created computer program with other programs."[422] It is not permissible, however, to use the information obtained by decompilation for purposes other than interoperability analysis. The use of decompilation for distribution to others or for the development of substantially similar computer programs is prohibited.[423]

The term of protection for copyrighted computer programs under the Computer Programs Directive lasts "for the life of the author and fifty years after his death or the last surviving author's [death]."[424] When the authorship of the program is anonymous or when a legal person is the right holder, the protection will be counted from the time when the computer program was legally first made available to the public and will then run for fifty years.[425] If a member state has a longer term of protection in its internal legislation, it is allowed to maintain that term.[426]

Finally, "[t]he provisions of [the] directive shall be without prejudice to any other legal provisions such as those concerning patent rights, trade-marks, unfair competition, trade secrets, protection of semi-conductor products or the law of contract."[427]

The protection of the Computer Programs Directive seems to be applicable to nationals of nonmember states belonging to the Berne Convention. Article 1(1) of the Computer Programs Directive provides that member states must protect computer programs as literary works within the meaning of the Berne Convention; Article 3 provides that protection must be granted to all natural or legal persons.[428] The prevailing opinion considers Berne Convention members that protect computer programs as literary works eligible for national treatment under the Computer Programs Directive, subject to the comparison term rule established by Berne Article 7(8).[429] Moreover, since the Computer Programs Directive does not contain any material reciprocity provisions, nationals of Berne Convention member states are entitled to claim distribution rights contained in Computer Programs Directive Article 4(c).[430] In any event, nationals of TRIPs member states not belonging to the European Union enjoy the rights of TRIPs Article 10(1), which establish that computer programs are to be protected as literary works.[431] They also have the rental rights protections contained in TRIPs Article 11.[432]

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422. *Id.* art. 6(1).
423. *Id.* art. 6(2).
424. *Id.* art. 8(1).
425. *Id.* art. 8(1).
426. *Id.* art. 8(2).
427. *Id.* art. 9(1).
428. STERLING, *supra* note 7, at 798.
429. *Id.*
430. *Id.*
431. TRIPs, *supra* note 101, at art. 10(1).
432. *Id.* art. 11.

3. Directive on Rental Right and Lending Right and on Certain Rights Related to Copyright in the Field of Intellectual Property[433]

The Directive on Rental Right and Lending Right and on Certain Rights Related to Copyright in the Field of Intellectual Property (Rental Rights Directive) was adopted on November 19, 1992.[434] Member states were required to implement the Rental Rights Directive by July 1, 1994.[435] It covers two different topics: first, the rental rights for authors, performers, phonogram producers and film producers;[436] and second, related rights such as reproduction or distribution rights for performers, phonogram producers, film producers and broadcasting organizations.[437] It is important to note that the Rental Rights Directive uses the term "related rights" instead of "neighboring rights" so as not to interfere with terms used in the internal laws of Ireland and the United Kingdom; these countries view the rights of performers as copyright rather than placing them in a different set of rights called neighboring rights.[438]

Similar to the Computer Programs Directive, the recitals of the Rental Rights Directive set out the reasons for its adoption. Recitals 1, 2 and 3 recognize that there are differences in the laws of the member states regarding rights related to the rental and lending of copyrighted works. Such differences are likely to increase distortion of the internal market if the protections granted by each nation within the European Union are not uniform.[439] Recital 4 establishes that the rental and lending of copyrighted works plays an important role for authors, performers and phonogram producers as the threat of piracy grows.[440] Recital 5 points out that adequate protection for the listed rights is important for the European Union's continued economic and cultural development.[441] Recital 6 establishes that protection granted by copyright and related rights must adapt to new forms of exploitation and new economic developments.[442] Recital 10 establishes that regulation should be in accordance with the international conventions on which copyright law is based.[443] Recital 17 establishes that equitable remuneration must be paid, taking into account the importance of authors and performances to phonograms and films.[444]

The Rental Rights Directive establishes rights for authors, performers, phonogram producers and film producers. It does not, however, specify the classification of those rights; some member states classify them as neighboring rights.[445] Member states are therefore free to decide whether those rights are to be classified as

433. Council Directive 92/100/EEC, 1992 O.J. (L 346) 61 (EU) [hereinafter Rental Rights Directive].
434. *Id.* art. 16.
435. *Id.* art. 15(1).
436. *Id.* arts. 1-5, 12. *See also* STERLING, *supra* note 7, at 805.
437. Rental Rights Directive, *supra* note 433, at arts 6-11. *See also* STERLING, *supra* note 7, at 805-06.
438. STERLING, *supra* note 7, at 806.
439. Rental Rights Directive, *supra* note 433, at recitals 1-3.
440. *Id.* recital 4.
441. *Id.* recital 5.
442. *Id.* recital 6.
443. *Id.* recital 10.
444. *Id.* recital 17.
445. STERLING, *supra* note 7, at 806.

copyright or neighboring rights. The criterion for protection under the Rental Rights Directive is not nationality, place of publication, fixation, performance, broadcasting, or other points of attachment traditionally established by international conventions.[446] Instead, the criteria refer to copyrighted works, performances, phonograms, broadcasts and films protected by the Rental Rights Directive or otherwise protected prior to July 1, 1994.[447]

The Rental Rights Directive does not impose obligations upon member states to grant rights to nationals of nonmember states. Specific situations involving nonmember states' nationals are to be resolved, however, by taking into consideration national treatment provisions under international conventions such as the Berne Convention, the Rome Convention or the TRIPs agreement.[448] To illustrate this point, the Rental Rights Directive provides for an author's specific lending and rental rights not contained in the Berne Convention.[449] Even if rental and lending rights are not included in the Berne Convention, Article 5 of that treaty provides a national treatment policy for nonmember states' nationals. Thus, if European Union member states grant those rights to their nationals or other European Union member states' nationals, the national treatment policy of Article 5 of the Berne Convention compels them to grant the same rights to non-European Union member states.[450] If those lending or rental rights are implemented in legislation unrelated to copyright law, however, the national treatment provisions of the Berne Convention may not apply and nonmember states' nationals may not receive them.[451]

The TRIPs agreement provides rental rights to authors of computer programs and cinematographic works[452] and to producers of phonograms.[453] Like the Berne Convention, the TRIPs agreement also contains a national treatment provision.[454] The situation of nationals of European Union nonmember states, therefore, would be the same as the situation mentioned above regarding the Berne Convention, except for those rental rights expressly provided by the TRIPs agreement.

As a final thought, the Rental Rights Directive does not prejudice the Computer Programs Directive.[455]

a. Chapter I: The Rental and Lending Right

With the discussion of the reasons leading to the adoption of the Rental Rights Directive and its applicability regarding nationals of nonmember states complete, what remains is to address its relevant substantive provisions. The several articles

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446. *Id*. at 808.
447. Rental Rights Directive, *supra* note 433, at art. 13(1).
448. STERLING, *supra* note 7, at 808.
449. Rental Rights Directive, *supra* note 433, at art. 2(1).
450. *See* Berne Convention, *supra* note 30, at art. 5; TRIPs, *supra* note 101, at art. 9(1) (stating that all member states are bound to comply with its terms as provided by Article 9(1) of the TRIPs agreement).
451. STERLING, *supra* note 7, at 808.
452. *See* TRIPs, *supra* note 101, at art. 11.
453. *Id*. art. 14(4).
454. *Id*. art. 3.
455. *Id*. art. 3. *See supra* Part III.B.2 regarding the Computer Programs Directive.

of Chapter I of the Rental Rights Directive contain the rental and lending rights accorded to copyright holders. "Rental" is defined in Article 1 as "making available for use, for a limited period of time and for direct or indirect economic or commercial advantage."[456] On the other hand, the directive defines "lending" as "making available for use, for a limited period of time and not for direct or indirect economic or commercial advantage, when it is made through establishments which are accessible to the public."[457]

Article 2 of the Rental Rights Directive establishes that the exclusive right to authorize or prohibit rental and lending belongs

> to the author in respect of the original and copies of his work, to the performer in respect of fixations of his performance, to the phonogram producer in respect of his phonograms, and to the producer of the first fixation of a film in respect of the original and copies of his film.[458]

The scope of these rights includes both the originals and copies. The authors' right regarding originals covers an original manuscript or sculpture. The definition of copies covers all printed copies, discs, tapes, molds, and so on.[459] The right of rental over fixations is biased in favor of the performers. Although the Rental Rights Directive makes a distinction between fixation and reproduction, the rental right covers both of them.[460] The right given to the phonogram producer covers the first fixation and subsequent copies of the original. Similarly, rental and lending rights cover the original and the copies as well.[461] In all cases, the rights derived from the Rental Rights Directive deal with hard representations or copies of the work such as books, tapes, discs, videocassettes, and the like.[462] Intangible electronic copies are not covered.[463] The rental and lending rights also do not cover buildings and works of applied art.[464]

Under the Rental Rights Directive, rental and lending rights may be transferred, assigned or subject to licensing.[465] When an author or performer has transferred her rental right to a phonogram or film producer, however, she will "retain the right to obtain an equitable remuneration for the rental."[466] This right cannot be waived,[467] although it may be entrusted to collecting societies.[468] Member states

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456. Rental Rights Directive, *supra* note 433, at art. 1(2).
457. *Id.* art. 1(3).
458. *Id.* art. 2(1).
459. *See* STERLING, *supra* note 7, at 811.
460. *Id.*
461. *Id.*
462. *Id.*
463. *Id.*
464. Rental Rights Directive, *supra* note 433, at art. 2(3).
465. *Id.* art. 2(4).
466. *Id.* art. 4(1).
467. *Id.* art. 4(2).
468. *Id.* art. 4(3). Collecting societies, also known as copyright collectives, are organizations that collect royalty payments on behalf of copyright holders. *See* Copyright Collective, http://en.wikipedia.org/wiki/Copyright_collective (last visited Apr. 5, 2007).

may derogate lending rights as long as, at a minimum, authors are provided a determined remuneration.[469] Even if member states do not apply exclusive lending rights to phonograms, films and computer programs, they must provide remuneration at least for the authors.[470] In any case, when lending rights are not applied or are derogated, authors—unlike performers—retain the right to remuneration. Like performers, however, phonogram and film producers do not retain this remuneration right.

b. Chapter II: Rights Related to Copyright

Chapter II of the Rental Rights Directive deals with neighboring or related rights, which consist of the rights of fixation, reproduction, broadcasting, communication to the public, and distribution.[471] Performers have a right over the fixations of their performances.[472] Broadcasting organizations are also granted a fixation right over their transmissions, regardless of whether their broadcasts are transmitted by wire or over the air, including cable and satellite.[473] The Rental Rights Directive expressly denotes the applicable means of transmission to avoid confusion similar to that encountered in the Rome Convention, which does not explicitly indicate that satellite transmissions are covered.[474] The fixation right is not granted to cable distributors that merely retransmit by cable the broadcasts belonging to broadcasting organizations.[475]

The reproduction right is granted to all the beneficiaries of copying or rental, to include performers, phonogram producers, film producers, and broadcasting organizations.[476] The Rental Rights Directive states that "Member States shall provide the exclusive right to authorize or prohibit the direct or indirect reproduction" of a copyrighted work.[477] The reproduction right may be assigned, transferred or made subject to a license.[478]

Rights relating to broadcasts and communication to the public are contained in Article 8, which is divided into three parts.[479] Article 8(1) establishes a right for performers "to authorize or prohibit the broadcasting by wireless means and the communication to the public of their performances, except where the performance is itself already a broadcast performance or is made from a fixation."[480] One commentator opined that the words "broadcasting by wireless means," suggest that the Rental Rights Directive does not apply to cable transmissions or retransmissions.[481]

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469. Rental Rights Directive, *supra* note 433, at art. 5(1).
470. *Id.* art. 5(2).
471. *Id.* arts. 6-9.
472. *Id.* art. 6(1).
473. *Id.* art. 6(2).
474. *Id.* arts. 6(2)-(3). *See* Rome Convention, *supra* note 111, at arts. 10, 12.
475. *See* Rental Rights Directive, *supra* note 433, at art. 6(3).
476. *Id.* art. 7.
477. *Id.* art. 7(1).
478. *Id.* art. 7(2).
479. *Id.* art. 8.
480. *Id.* art. 8(1).
481. *See* STERLING, *supra* note 7, at 814.

In full context, however, "broadcasting by wireless means and the communication to the public"[482] implies that cable transmissions constitute a means for communication to the public and would be governed by the Directive.

Article 8(2) of the Rental Rights Directive brings the controversial principle contained in Article 12 of the Rome Convention to the European Union.[483] There are, however, certain differences. Unlike the Rome Convention, the Rental Rights Directive covers retransmissions and does not permit member states to decide whether the remuneration is to be granted to performers, producers or both.[484] Instead, the Rental Rights Directive establishes that remuneration is to be made to both performers and producers.[485] A broadcast or communication to the public of a phonogram shall entitle the relevant performer and producer to an equitable remuneration.[486] Usually, this remuneration is shared on an equal basis.[487]

Finally, Article 8(3) grants broadcasting organizations two rights: the right to rebroadcast by wireless means, and the communication right in places open to the public for an entrance fee.[488]

Article 9 of the Rental Rights Directive addresses the distribution right. The distribution right is the exclusive right of making available objects—including copies—containing the fixation of protected works.[489] This right belongs to the performers with respect to the fixation of their performances. The right is similarly applied to phonogram producers for their phonograms, film producers for the copies of their films, and broadcasting organizations for the fixation of their wireless or cable transmissions.[490] The limit of the distribution right is contained in the exhaustion or first sale doctrine, which establishes that once a copyright holder has made available a copy of his work, successive possessors of that copy do not have to negotiate with him every time they engage in further sales or transfers of the copy.[491] There are several implications in the first sale doctrine. One is that a national law may establish that the sale of copies exhausts the distribution right inside the country but not outside.[492] As a result, copies cannot be imported into a country without the local copyright owner's permission.[493] One commentator suggests that this rule has the economic significance of making price discrimination available among countries.[494] Even if the copyright holder is the same in several countries, the distribution right is exhausted on a country-by-country basis, and not in all the countries at once.[495]

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482. Rental Rights Directive, *supra* note 433, at art. 8(1).
483. *Id*. art. 8(2); *see* GOLDSTEIN, *supra* note 3, at 37; *see also* TRIPs, *supra* note 101, at art. 2(1).
484. Rental Rights Directive, *supra* note 433, at art. 8(2).
485. *Id.*
486. *Id.*
487. STERLING, *supra* note 7, at 814.
488. Rental Rights Directive, *supra* note 433, at art. 8(3).
489. *Id*. art. 9(1).
490. *Id.*
491. GOLDSTEIN, *supra* note 3, at 306.
492. *Id*. at 307.
493. *Id.*
494. *Id.*
495. *Id.*

Rental Rights Directive Article 9(2) takes the single market or community approach to the exhaustion doctrine.[496] This is the same route that the E.C.J. took in *Deutsche Grammophon Gesellschaft GmbH v. Metro-SB-Grossmärkte GmbH & Co. KG.*[497] In later cases, the E.C.J. has confirmed the principle of community exhaustion, refusing to extend it to nonmember states. For instance, in *Deutsche Grammophon GmbH v. Firma Pop Imports*, the court held that a German distribution right owner could not prevent the sale of records placed in the United Kingdom market by a licensee, although it could prevent the sale of the same product in the Israeli market.[498] Article 9(2) specifies that the distribution right applies to performers, phonogram and film producers, and to broadcasting organizations over the fixation of their broadcasts,[499] and it is defined as including the exclusive right "to make available these objects, including copies thereof, to the public by sale or otherwise."[500]

Article 10(1) establishes that member states may apply limitations to the fixation, reproduction, broadcasting and communication, and distribution rights.[501] Such limitations are provided for private use, utilization of short excerpts in connection to the reporting of current events, ephemeral fixation by broadcasting organizations and, utilization for purposes of teaching and scientific research. The limitations on right holders are the same as those established by Article 15 of the Rome Convention.[502] Member states may also provide for compulsory licenses under terms identical to those of the Rome Convention.[503]

Articles 11 and 12, comprising Chapter III of the Rental Rights Convention, establish the duration of rental rights. The duration of rights for authors is seventy years after death,[504] and fifty years for related rights. The starting date is calculated differently depending on the covered right.[505]

4. Directive on the Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmission[506]

The introductory recitals of the Directive on the Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmission (Satellite and Cable Directive) define its principal objectives. Recital 1 recalls that the objectives of the European Union include establishing a closer union amongst the peoples of Europe, ensuring eco-

496. Rental Rights Directive, *supra* note 433, at art. 9(2).
497. Case 78/70, 1971 E.C.R. 487 (1971).
498. Case I ZR 186/78, 1 C.M.L.R. 137 (1982).
499. Rental Rights Directive, *supra* note 433, at art. 9(1).
500. *Id.*
501. *Id.* art. 10(1).
502. *Id.*; Rome Convention, *supra* note 111, at art. 15.
503. Rental Rights Directive, *supra* note 433, at art. 10(2).
504. *Id.* art. 1(1).
505. *See id.* art. 3.
506. Council Directive 1993/83, 1993 O.J. (L 248) 15 (EU) [hereinafter Satellite and Cable Directive].

nomic and social progress, and eliminating barriers dividing Europe.[507] Recital 3 points out that satellite and cable broadcasts transmitted across frontiers are one particular means of promoting community objectives.[508] Regarding cross-border satellite broadcasting and cable retransmissions, Recital 5 establishes that community objectives have been obstructed by differences in national rules of copyright and legal uncertainty induced by those differences. In particular, Recital 5 refers to the problems of "liability for satellite broadcasts and the obtaining of permissions [required] for cable retransmissions."[509] The Satellite and Cable Directive deals primarily with these two problems.

The problem of satellite broadcasting is that there is no accepted international rule for cases where a signal is up-linked in one country and received by the public in another country.[510] Where the right owners are different in both countries, the "emission theory" establishes that the permission of the owner in the up-linking country is sufficient for that transmission.[511] The "communication theory," on the other hand, posits that permission of right owners in the receiving country must be considered.[512] Some countries have adopted the communication theory. Others, like the United Kingdom, adopted the emission theory by legislative enactment.[513]

The Satellite and Cable Directive adopts the emission theory for transmissions originating within the European Union and implements a solution based on collecting societies without compulsory licenses for cable retransmissions.

Member states of the Satellite and Cable Directive are bound by Berne Article 11*bis*, which gives the authors of literary and artistic works the right to authorize or prohibit the broadcasting and the communication to the public of their works.[514] Even if the Satellite and Cable Directive only applies to communications taking place in member states, nationals of nonmember states may claim national treatment as provided by the Berne Convention[515] and the TRIPs agreement regarding their works.[516]

The "emission theory" adopted by the Satellite and Cable Directive is specified as follows: "[t]he act of communication to the public by satellite occurs solely in the Member State where, under the control and responsibility of the broadcasting organization, the programme-carrying signals are introduced into an uninterrupted chain of communication leading to the satellite and down towards the earth."[517] By this definition, communication to the public occurs only in the member state where the signal was up-linked or introduced into the chain of communication. This means the broadcast organization need not obtain the permission of all the right

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507. *Id.* recital 1.
508. *Id.* recital 3.
509. *Id.* recital 5.
510. *Id.*
511. *Id.*
512. *Id.*
513. *Id.*
514. *See* Berne Convention, *supra* note 30, at art. 11*bis*.
515. *Id.* art. 5.
516. TRIPs, *supra* note 101, at art. 3.
517. Satellite and Cable Directive, *supra* note 506, at art. 1(2)(b).

holders in the receiving countries; it only needs authorization from the right holder of the up-linking country.[518]

Under the Satellite and Cable Directive, the right to authorize communication to the public by satellite is granted to the authors and the authorization to broadcast may be assigned only by agreement.[519] The Satellite and Cable Directive also establishes that the rights governing communication to the public by satellite for the performers, phonogram producers and broadcasting organizations will be protected in accordance with the Rental Rights Directive.[520] Therefore, the term "broadcasting by wireless means" established in the Rental Rights Directive should be understood to cover communication to the public by satellite.[521] Protection of the related rights holders—performers, broadcasting organizations, and phonogram producers—does not affect the rights of the authors.[522]

When satellite signals are encrypted, those communications to the public are within the meaning of the Satellite and Cable Directive if the means of decrypting the signal is provided to the public by the broadcasting organization or by someone else with the broadcaster's consent.[523] The Satellite and Cable Directive establishes that even if a communication to the public is received from a nonmember country not providing the same level of protection, that encrypted communication is to be covered by the directive if the up-link station or broadcaster is located in a member state.[524]

The Satellite and Cable Directive also covers cable retransmissions, ensuring the observation of applicable copyright and related rights for cable retransmissions.[525] It also establishes that cable retransmissions must take place only on the basis of individual or collective contractual agreements.[526] It is therefore not possible to establish compulsory or statutory licenses.[527] Copyright owners and holders of related rights—except broadcasting organizations—may exercise their cable retransmission rights only via collecting societies.[528] Broadcasting organizations may themselves exercise their rights without a collecting society, even those rights transferred to them by contract from copyright holders or holders of related rights.[529]

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518. *Id.*
519. *Id.* arts. 2, 3.
520. *Id.* art. 4(1).
521. *Id.* art. 4(2); Rental Rights Directive, *supra* note 433, at art. 10.
522. *See* Satellite and Cable Directive, *supra* note 506, at art. 5.
523. *Id.* art. 1(2)(c).
524. *Id.* art. 1(2)(d).
525. *Id.* art. 8(1).
526. *Id.* art. 8(1).
527. STERLING, *supra* note 7, at 826-27.
528. Satellite and Cable Directive, *supra* note 506, at art. 9(1).
529. *Id.* art. 10.

5. Directive Harmonizing the Term of Protection of Copyright and Certain Related Rights[530]

In *EMI Electrola GmbH v. Patricia Im-und Export*, the E.C.J. pointed out that differences in national terms of copyright and related rights may raise barriers to the free movement of goods.[531] In recognition of this problem, the Directive Harmonizing the Term of Protection of Copyright and Certain Related Rights (Term Directive) was established in 1993 to harmonize term protection through the European Community.[532] Disparities among European Union countries resulted from the Berne Convention establishing minimum terms of protection, thus implicitly providing a loophole allowing longer terms of protection to be set by member states.[533] The Term Directive recognized that differences in term protection among countries caused impairment of the free movement of goods within the European Community.[534] The European Union decided that the term of protection should be harmonized and established identical terms of protection throughout the Community.[535] It should be noted that the Term Directive only applies to economic rights and not to moral rights.

The Term Directive establishes a general term of protection of life plus seventy years for literary or artistic works.[536] It also establishes a term of protection of seventy years for cinematographic or audiovisual works, measured from the death of the last of the following surviving participants, regardless of whether they are considered co-authors: the principal director, an author of a screenplay or dialogue, or the composer of the music.[537] For related rights, it establishes fifty-year terms from their respective starting points.[538]

Article 4 of the Term Directive establishes a new kind of protection for previously unpublished works. This protection covers any person who, after the "expiry of copyright protection," publishes or communicates to the public a previously unpublished work.[539] The protection is similar to the author's economic rights, but it lasts only twenty-five years.[540] Article 5 establishes that member states may protect "critical and scientific publications" of works already in the public domain; the maximum term for this protection is thirty years.[541]

To explain the application of the term protection to member states' and non-member states' works, it is necessary to briefly discuss the *Phil Collins* case and its

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530. Council Directive 93/98/EEC, 1993 O.J. (L 290) 9 (EU) [hereinafter Term Directive].
531. Case 341/87, 1989 E.C.R. 79.
532. Term Directive, *supra* note 530, at art. 14.
533. *Id.* recital 1.
534. *Id.* recital 2.
535. *Id.*
536. *Id.* art. 1(1).
537. *Id.* art. 2(2).
538. *Id.* art. 3.
539. *Id.* art. 4.
540. *Id.*
541. *Id.* art. 5.

implications to existing law.[542] In that case, German law did not allow British performers such as Phil Collins to prohibit the sale of bootlegged recordings of their live performances to the public.[543] Those performances did not have the connecting factors required under the Rome Convention of 1961[544] because the performances took place in a non-convention country, namely the United States.[545] The performer, a national of a European Union member state, claimed that he had been discriminated against because he had not received the same treatment as German performers who were protected by German law regardless of the country where their performances took place.[546] The E.C.J. ruled that copyright and related rights fall within the meaning of Article 7 of the European Community Treaty (now Article 12), which contains the principle of prohibition of discrimination.[547] This principle is applicable to the copyright and related rights. The court stated that Article 7 precludes member states from "denying authors and interpreting or performing artists from other Member States . . . [the right] to prohibit the marketing in its national territory of a phonogram manufactured without their consent when the performance was given outside its national territory."[548] The court held that this anti-discrimination principle may be directly invoked by copyright and related rights holders before national courts when they do not receive the same protection as nationals of the member state whose protection is sought.[549]

The effect of this decision on existing international copyright law has been remarkable. A member state must apply something more than the traditional national treatment provisions already in existence under international copyright law. Now member states' must provide other member states' nationals exactly the same advantages they provide their own nationals. The *Phil Collins* case precludes Community members and all European Economic Area states from applying certain existing principles containing rules of material reciprocity. The rules limiting national treatment principles contained in the Berne Convention—such as those referring to copyright protection for industrial designs, the comparison term rule and the optional *droit de suite*—are now subsumed to the rule of *Phil Collins*.[550] To illustrate this point, under the comparison term rule contained in Article 7(8) of the Berne Convention, the country where protection is sought may not give a term of protection exceeding the term fixed in the country of origin of the work.[551] Apply-

542. Joined Cases C-92/92 and 326/92, Collins v. Imtrat Handelsgesellschaft mbH, 1993 E.C.R. I-5145, 1993 CELEX LEXIS ECR 411 (Oct. 20, 1993).

543. *Id.* at ¶ 4.

544. Rome Convention, *supra* note 111, at art. 4 (establishing the following points of attachment for performers: a) the performance takes place in a contracting state; b) the performance is incorporated to a phonogram under Article 5 of the convention protecting producers of phonograms; and c) not being fixed in a phonogram, the performance is carried by a broadcast protected by Article 6). None of these conditions was met in the *Phil Collins* case.

545. *Collins*, 1993 E.C.R. I-5415 at ¶ 3.

546. *Id.* at ¶ 17.

547. *Id.* at Court's Ruling ¶ 1.

548. *Id.* at Court's Ruling ¶ 2.

549. *Id.* at Court's Ruling ¶ 3.

550. Paul Edward Geller, *International Copyright Law: An Introduction*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE at INT-125 (Paul Edward Geller ed., 2006) *available at* http://www.lexisnexis.com.

551. Berne Convention, *supra* note 30, at art. 7(8).

ing the comparison term rule, a British author who publishes first in the United Kingdom only receives fifty years of protection in Germany because this is the term of the country of origin, even if Germany grants protection to its own nationals for seventy years after an authors' death. While this comparison term rule still applies to nationals of nonmember states, the *Phil Collins* decision precludes European Union members from applying that kind of rule to nationals of other European Union members.

The *Phil Collins* decision is not the only legal source that prohibits the application of the Berne comparison term rule among member states; this is also accomplished by Article 10(2) of the Term Directive, which establishes that: "[t]he terms of protection provided for in this Directive shall apply to all works and subject matter which are protected in at least one Member State on [July 1, 1995,] pursuant to national provisions on copyright or related rights."[552] For instance, Germany established a life term plus seventy years; works still protected in Germany had already passed into the public domain in other member states.[553] Under this provision of the Term Directive, the protection of those works received revived rights protection in the other member states. Since the *Phil Collins* decision prohibits applying the comparison term rule,[554] the effect is that not only would German works be revived but also that all Community works would still be protected in Germany. If Germany cannot apply the Berne comparison term rule to Community works, it has to grant the life term plus seventy years to all Community works, even to those works already in the public domain by July 1, 1995, in their country of origin.[555] Therefore, the Term Directive, in conjunction with the *Phil Collins* decision, has the effect of reviving all Community works protected in Germany. Consequently, a work of a British author whose copyright expired in England in 1990 would be protected in Germany until 2010 (life plus seventy years). Applying the *Phil Collins* decision, Germany has to protect the British work under the same term protection that it grants German works. Applying the Term Directive Article 10(2), this work would be protected again in the whole Community, including England.

For those interested third parties exploiting works in the public domain whose protection was revived by July 1, 1995, the Term Directive establishes that its provisions do not prejudice those acts of exploitation.[556] It also commands member states to adopt necessary measures to protect third party acquired rights.[557] As an example, the Italian implementing law provided that third persons exploiting the work were allowed to continue exploiting it for three months.[558] When sustaining the Italian Implementation Act, the E.C.J. held that the community principle of legitimate expectations could not be interpreted in such a way that its application

552. Term Directive, *supra* note 530, at art. 10(2).
553. Geller, *supra* note 550, at INT-152–INT-155.
554. Joined Cases C-92/92 and 326/92, Collins v. Imtrat Handelsgesellschaft mbH, 1993 E.C.R. I-5145, 1993 CELEX LEXIS ECR 411 (Oct. 20, 1993), at Court's Ruling ¶ 3.
555. Term Directive, *supra* note 530, at arts. 1(1), 7(1).
556. *Id.* art. 10(3).
557. *Id.*
558. Case C-60/98, Butterfly Music SRL v. CEMED, 1999 E.C.R. I-3939 (June 29, 1999).

prevented new rules from having future consequences due to situations arising under earlier regulations.[559]

6. Directive on the Legal Protection of Databases[560]

The Directive on the Legal Protection of Databases (Databases Directive) is designed to eliminate differences in national laws regarding database protection.[561] It also addresses the problem raised in several judicial decisions that databases lack of one of the basic requirements in order to receive copyright protection: creativity.[562] Articles 3 through 6 of the Databases Directive establish copyright protection for databases but do not extend any protection to the contents of a database that would otherwise prejudice any existing right over those contents.[563]

Chapter III of the Databases Directive establishes a *sui generis* right over the contents of the database.[564] The protection is not granted on the basis of originality or creativity, but as the result of a substantial investment in the acquisition and composition of the contents of the database.[565] The economic rights granted by this *sui generis* right are extraction and re-utilization of data. Articles 8 and 9 place limitations on the *sui generis* rights, so that copyrighted databases may be used for private purposes, scientific research, and so on.[566] The term of protection is fifteen years from January 1st of the year following the completion of the database, or the same day if the completion is on that date.[567] For databases that are continually updated, the protection begins to run again if there is a substantial change to the database that represents a substantial new investment. If so, the protection covers the accumulated contents of the database.[568]

7. Directive on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society[569]

The most important goal of the Directive on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society (Information Society Directive) is to guide member states in implementing the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.[570] In March of 2000, the European Union, as well as individual member states, decided to accede to the

559. *Id.*
560. Council Directive 96/9/EC, 1996 O.J. (L77) 20 (EU) [hereinafter Databases Directive].
561. *Id.* recital 1.
562. Herman Cohen Jehoram, *Netherlands, in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE *supra* note 548, at NETH-13 to NETH-14 (discussing the effects of the Dutch *Van Dale* decision and the U.S. *Feist* decision).
563. Databases Directive, *supra* note 560, at arts. 3-6.
564. *Id.* arts. 7-11.
565. *Id.* art. 7(1).
566. *Id.* art. 8.
567. *Id.* art. 10(1).
568. *Id.* art. 10(3).
569. Council Directive 2001/29/EC, 2001 O.J. (L167) 10 (EU) [hereinafter Information Society Directive].
570. *Id.* recital 15.

WIPO treaties.[571] The Information Society Directive is not a copy of those treaties' terms. It actually covers more subjects, and member states are not permitted to ratify those treaties unless they have implemented the Information Society Directive.[572] The Information Society Directive was adopted in May of 2001, with a deadline for implementation of December 22, 2002.[573] The Information Society Directive is considered a major step in the evolution of European copyright and related rights law, because its secondary important goal is to harmonize certain economic rights such as reproduction, communication to the public—including Internet on-demand services—and distribution.[574]

The Information Society Directive applies to all protected copyright and related rights but does not prejudice rights acquired before December 22, 2002.[575] It does not affect existing European Union regulations.[576] In addition, the Information Society Directive does not affect other intellectual property rights such as patent rights and trademark rights.[577] Chapter II of the Information Society Directive contains specific rights and exceptions and Chapter III contains the protection of technological measures and rights management information.[578]

Article 2 provides for the right of reproduction for authors, performers, phonogram producers, film producers, and broadcasting organizations.[579] Prior directives and international treaties also provided for this reproduction right. The Information Society Directive is progressive in that it adds the inclusion and differentiation of temporary reproduction from permanent reproduction. Like the Agreed Statement of the WIPO Copyright Treaty, the Information Society Directive makes clear that temporary reproduction—common in digital environments—is covered by the reproduction right.[580]

Articles 11 and 11*bis* of the Berne Convention contain the right of communication to the public.[581] Because the Berne Convention lacked the provisions regarding Internet transmissions—there was no Internet as we know it today when it was signed—the WIPO treaties established the "on-demand availability right" to cover those and like transmissions.[582] Likewise, Article 3(1) of the Information Society Directive establishes such communication to the public right as "including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them."[583]

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571. *Id.*
572. *Id.* recital 61.
573. *See id.*, *supra* note 569, at arts. 13(1), 15.
574. *See* STERLING, *supra* note 7, at 862.
575. *See* Information Society Directive, *supra* note 569, at art. 10(2).
576. *Id.* art. 1(2).
577. *Id.*
578. *Id.* arts. 2-7.
579. *Id.* art. 2.
580. *Id.* art. 2; WIPO Copyright Treaty, *supra* note 153, at art. 1(4) (incorporating Berne Convention Articles 1 to 21 and establishing that the reproduction right included in the Berne Convention covers digital temporary reproductions common in digital environments).
581. Berne Convention, *supra* note 43, at arts. 11, 11*bis*.
582. *See* WIPO Copyright Treaty, *supra* note 153, at art. 8; WIPO Performances and Phonograms Treaty, *supra* note 112, at art. 10.
583. Information Society Directive, *supra* note 569, at art. 3(1).

Article 4 of the Information Society Directive deals with the issue of community exhaustion of the distribution right.[584] However, it does not add anything new to the existing law.[585] Article 4 explicitly grants distribution rights to the copyright holders, not just to those holders of related rights covered by the Rental Rights Directive.[586] One important aspect of the Information Society Directive in this regard is the exclusion of the question of exhaustion to online services, even if the right holder authorizes a material copy of the works made by the user of the online service.[587] The directive does not consider distribution by online services as distribution of material copies, but rather as communication to the public or on-demand communication to the public.

Article 5 establishes exceptions and limitations to the rights covered by the Information Society Directive.[588] Article 5(1) establishes a mandatory exception for

> [t]emporary acts of reproduction referred to in Article 2, which are transient or incidental and an integral and essential part of technological process and whose sole purpose is to enable: (a) a transmission in a network between third parties by an intermediary, or (b) a lawful use of a work . . . which have no independent economic significance.[589]

This exception was included for Internet Service Providers (ISPs) engaged in transitory acts of reproduction, which occur automatically in the normal course of transmissions over the Internet network.[590] I will examine the limitations for ISPs below in the section devoted to the Electronic Commerce Directive Articles 12 through 14, which deals with those limitations.[591]

The Information Society Directive also provides another twenty optional exceptions; there are five exceptions for the right of distribution and another fifteen for both distribution and communication rights. It is not the purpose of this study to enumerate all of them; nevertheless, a descriptive synthesis of them follows. First, an exhaustively detailed enumeration left no room to member states to provide other limitations outside those established by the directive.[592] Second, allowed private copying normally calls for equal remuneration to the right holders, but exceptions related to several institutions providing social benefits—publicly accessible libraries, educational establishments, museums—do not.[593] Third, hav-

584. *Id.* art. 4.
585. Case 78/70, Deutsche Grammophon Gesellschaft GmbH v. Metro-SB-Grossmärkte GmbH & Co. KG, 1971 E.C.R. 487, 512 (1971). *See also* Rental Rights Directive, *supra* note 433, at art. 9(2) (the community single market exhaustion of the distribution right, already decided by the former case).
586. Rental Rights Directive, *supra* note 433, at art. 9(2).
587. Information Society Directive, *supra* note 569, at recital 29.
588. *Id.* art. 5.
589. *Id.* art. 5(1).
590. *Id.*
591. *See infra* Part III.B.8.
592. *EU Ministers Adopt New Copyright Directive*, OUT-LAW NEWS, Oct. 24, 2001, *available at* http://www.out-law.com/page-1548.
593. Information Society Directive, *supra* note 569, at art. 5(2)(c).

ing a mandatory exception as well as twenty optional exceptions is the result of member states staking out numerous different positions. The member states were not willing or prepared to accept a mandatory list of limitations to reproduction and communication rights.[594]

When member states provide exceptions and limitations to the reproduction right, they may provide for similar exceptions to the distribution right provided in Article 4 of the Information Society Directive.[595]

Following the so-called Berne/TRIPs three step test, all of the exceptions and limitations included in Article 5 of the Information Society Directive may be applied "in certain special cases which do not conflict with a normal exploitation of the work . . . and do not unreasonably prejudice the legitimate interest of the rightholder."[596] Information Society Directive Article 5(5) takes the same approach as Berne Convention Article 9(2) which states that "[i]t shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."[597] This Berne limitation only applies to the reproduction rights of literary and artistic works. TRIPs Article 13 takes the same three-step test from the Berne Convention and applies it to exceptions to all exclusive rights it grants to literary and artistic works, not just the reproduction right.[598] Notwithstanding these differences, the three-step test may be redundant because the Information Society Directive exhaustively enumerates its limitations, leaving member states little room to maneuver.

Article 6 of the Information Society Directive implements the obligations established by Article 11 of the WIPO Copyright Treaty and Article 18 of the WIPO Performances and Phonograms Treaty.[599] The Information Society Directive, however, is more specific than the WIPO treaties. Paragraph 1 establishes that member states "shall provide adequate legal protection against the circumvention of any effective technological measures," such as access controls, encryption, or copy control, where such an act of circumvention is taken with the person's knowledge or with reason to know.[600] The protected effective technological measures are defined broadly as a component designed to prevent or restrict acts "not authorised [sic] by the rightholder of any copyright."[601] Unauthorized acts include the copying of the materials as well as the access to them.

There is also a general prohibition against the manufacture or commercialization of devices for "the purpose of circumvention" or having "only a limited com-

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594. STERLING, *supra* note 7, at 872.
595. Information Society Directive, *supra* note 569, at art. 5(4).
596. *Id.* art. 5(5).
597. Berne Convention, *supra* note 30, at art. 9(2).
598. TRIPs, *supra* note 101, at art. 13.
599. Information Society Directive, *supra* note 569, at art. 6.
600. *Id.* art. 6(1).
601. *Id.* art. 6(3).

mercially significant purpose or use other than to circumvent," or primarily designed to facilitate circumvention of copyright protection.[602]

The "effective technological measures" may be used to prevent the exploitation of public domain works, or in cases otherwise covered by an exception or limitation. Therefore, Article 6(4) of the Information Society Directive establishes that, in the absence of voluntary measures by the rightholders, members shall provide the appropriate measures to ensure access to works in the public domain.[603]

Finally, Article 7 of the Information Society Directive implements Article 12 of the WIPO Copyright Treaty and Article 18 of the WIPO Performances and Phonogram Treaty.[604] Member states must provide effective legal protection against the person who knowingly removes or alters the electronic rights management information.[605]

8. Directive on Certain Legal Aspects of Information Society Services, in Particular Electronic Commerce, in the Internal Market[606]

The Directive on Certain Legal Aspects of Information Society Services, in Particular Electronic Commerce, in the Internal Market (Electronic Commerce Directive) includes harmonization of several legal concepts among member states in order to facilitate electronic commerce. Article 1 broadly defines the scope of the Electronic Commerce Directive.[607] The definitions of Article 2 show how it covers a wide range of activities related to electronic commerce, including business-to-business and business-to-consumer commerce, ISPs activities, and commercial communications.[608]

The most interesting part of the Electronic Commerce Directive is the limitation of monetary liability granted to ISPs.[609] The limitations of liability the Electronic Commerce Directive provides are not only for copyright infringement but apply to all kinds of communication.[610] The limitations are for acts of "mere conduit," "caching," and "hosting"; however, they only cover monetary liability, and ISPs must comply with any injunctive order issued by a court or an administrative authority seeking the termination or prevention of an infringement.[611]

Article 12 establishes the limitation of liability for ISPs that act as the mere conduit transmitting information provided by a user to a communication network. The limitation of liability is conditioned on the proviso that the ISP does not initi-

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602. *Id.* art. 6(2).
603. *Id.* art. 6(4).
604. *Id.* art. 7.
605. *Id.*
606. Council Directive 2000/31/EC, 2000 O.J. (L 178) 1 (EU) [hereinafter Electronic Commerce Directive].
607. *Id.* art. 1.
608. *Id.* art. 2.
609. *Id.* arts. 12-14.
610. *Id.* art. 12.
611. *Id.* arts. 12(3), 13(2), 14(3).

ate the communication, does not select the user, and does not select or modify the information.[612]

Article 13 of the Electronic Commerce Directive provides a limitation on ISP liability for the automatic, intermediate and temporary storage of information for the purpose of transmission. Article 13 limits ISP liability as long as the ISP does not modify relayed or stored information, complies with conditions for the access to that information, updates the information according to industry standards, does not interfere with the lawful use of technology, and removes or disables access to information upon obtaining knowledge that the original source has been removed or access to it has been disabled or that a court or administrative authority has ordered its removal or disablement.[613]

Article 14 contains the limitation of liability for hosting activities. Under its terms, an ISP is not liable for the information stored at the request of a user if it does not have any knowledge of the infringing activity, and upon getting such knowledge, acts expeditiously to remove or disable the information.[614]

The difference between the Electronic Commerce Directive and the provisions of the U.S. Digital Millennium Copyright Act[615] regulating liability of ISPs is that U.S. provisions offer detailed solutions for issues of liability, whereas the European Union provisions establish general rules. While the U.S. provisions present a detailed method of notification for the proper issue of take down notices, the European Union only requires knowledge of the offending act.[616]

9. Directive on the Enforcement of Intellectual Property Rights[617]

The Directive on the Enforcement of Intellectual Property Rights (Enforcement Directive) was adopted in April of 2004 and required implementation within twenty-four months following its adoption.[618] According to the commission that presented the proposal to the European Parliament, the national disparities regarding enforcement of intellectual property rights made it difficult to combat piracy and counterfeiting.[619] The Enforcement Directive does not prejudice the TRIPs agreement enforcement provisions,[620] but rather harmonizes several implementation regulations enacted by member states of the TRIPs agreement.

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612. *Id.* art. 12.
613. *Id.* art. 13.
614. *Id.* art. 14.
615. 17 U.S.C. § 512 (2006).
616. Electronic Commerce Directive, *supra* note 606, at art. 14 (allowing an ISP to remain free of a copyright violation if it moves to take down a web site once it has knowledge that the site is violating copyright, with no specific steps or requirements provided). *See also U.S. vs. Europe: Notice and Takedown*, PLAGIARISM TODAY, May 15, 2006, *available at* http://www.plagiarismtoday.com/2006/05/15/us-vs-europe-notice-and-takedown.
617. Council Directive 2004/48/EC, 2004 O.J. (L 157) 32 (EC) [hereinafter Enforcement Directive].
618. *Id.* arts. 20(1), 22.
619. Ben Smulders & Herman Cohen Jehoram, *The European Community and Copyright*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 550, at EC-124–EC-125.
620. Enforcement Directive, *supra* note 617, at art. 2(3)(b).

The Enforcement Directive does not establish rules for judicial cooperation, jurisdiction, or recognition and enforcement of civil and commercial judgments, or provisional injunctions; nor does it establish rules to find the applicable law in a given case.[621] Those issues are resolved by the Council Regulation on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters,[622] which superseded the 1968 Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.[623]

According to its Article 2(1), the scope of the Directive is "any infringement of intellectual property right as provided by Community law or by the national law of the Member State concerned"; it does not affect prior directives.[624] Article 3 establishes that "Member States shall provide for the measures, procedures and remedies necessary to the enforcement of the intellectual property rights . . . [and they] shall . . . be effective, proportionate and dissuasive."[625] It also establishes specific rules of evidence, including measures for its preservation. There is also a right to information on the origin and distribution of the infringing goods or services established in Article 8.[626] Article 9 establishes the procedure for provisional and precautionary measures.[627] The Enforcement Directive also includes measures that apply after a decision on the merits, establishing corrective measures to recall from commerce or destroy infringing goods, and provides for injunctions and monetary damages.[628] There are other important rules for damages, legal costs, publication of the decision, and the encouragement of codes of conduct.[629]

The Enforcement Directive complements the Council Regulation of December 22, 1994, and the Commission Regulation of June 16, 1995, both of which provide measures to stop counterfeit and pirated products at the external borders of the European Union.[630] These regulations apply only to goods coming from nonmember countries, not European Community member states.

IV. CONCLUSIONS

There is no single copyright statute that applies around the globe; there are hundreds of them. There is, however, an on-going effort to achieve international copyright harmonization. The effort is formulated in several principles and developments, including the national treatment principle, the minimum rights and definitions, and in some cases the principle of the most-favored nation. The notions outlined throughout this article describe the evolution and fundamental principles of

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621. *Id.* recital 11.
622. Council Regulation 44/2001, Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, 2001 O.J. (L 012) 1 (EC).
623. *Id.* at art. 5.
624. Enforcement Directive, *supra* note 617, at art. 2(2).
625. *Id.* art. 3.
626. *Id.* art. 8.
627. *Id.* art. 9.
628. *Id.* arts. 10-13.
629. *Id.* arts. 14-15, 17.
630. Smulders & Jehoram, *supra* note 619, at EC-124–EC-125.

international copyright law, which will continue to feel the effects of harmonization as the advance of technology marches on.[631]

631. As already suggested, European Union Directives and harmonization are not only the implementation of the TRIPs agreement at a community level. Those directives have taken their own approaches in order to solve new problems created by the digital age. *See* Caviedes, *supra* note 215, at 228.