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The International Intellectual Property System: Treaties, Norms, National Courts and Private Ordering

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2

THE INTERNATIONAL INTELLECTUAL PROPERTY SYSTEM: TREATIES, NORMS, NATIONAL COURTS, AND PRIVATE ORDERING

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Introduction	62	Users' Rights and 'Balance'	87
Part I The Classical System of International Intellectual Property Law	66	Evidence-Based Law Making	89
A. Public International Law	66	Process Critiques	91
B. Private International Law	68	The Role of NGOs	92
Part II Changes to the Classical System	71	Part III Private Litigation and Private Ordering	93
A. Lessons from Copyright	72	A. Private Litigation	93
Intersecting Vectors of Balance	72	Ad Hoc Development of Private International Law	93
The Pressure to Internationalize Promptly	75	Systematic Approaches	98
The Trade Prism	76	B. Private Ordering	100
B. Lessons from Trademark: Faster and Softer Norms	80	Private Ordering and Copyright Law	101
C. The Climate for Law Making: Forum Shifting, Balance, Evidence, Process, and the Development Agenda	84	Private Ordering and the Creation of International Copyright Norms	102
Substantive Impasse	84	Notice and Take-Down Procedures	103
Multiplication of Fora	86	Agreements contemplated by Article 6(4) of the EU Copyright Directive	109
		The Role for Public Structuring and International Norms	112
		Conclusion	113

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Introduction

International intellectual property law has become an integral component of trade and development policy. Likewise, trade and development concerns now frame much of the debate occurring within the international intellectual property system. Although part of the political impetus for international intellectual property law making has long come from the economic gains that particular countries could secure in the global market, the recent situation of intellectual property within the institutional apparatus of the trade regime has been an important factor in the transformation of the classical system of international intellectual property law.

This chapter analyses various aspects of this transformation, and suggests that viewing intellectual property through the prism of trade alone offers an incomplete explanation of the changes that have occurred in international intellectual property law making. Rather, it is the particular character of the World Trade Organization (WTO) and the dominant theoretical justification for contemporary trade policy (the theory of comparative advantage) that have magnified the transformative force of the shift to the trade regime. And, a full account of the contemporary system must reflect the role of both litigation in national courts and private ordering by commercial actors in establishing international intellectual property norms. This chapter stresses that these new contributors to the international system must be subject to no lesser scrutiny than traditional public international instruments such as treaties. Scholars should review national court decisions and private ordering for their effect on the balance of rights between owners and users of intellectual property. Moreover, such scrutiny must include an assessment of whether these new forms of law making take into account the appropriate allocation of regulation between national and international institutions.

Part I of this chapter describes the classical architecture of the international intellectual property system, and the basic conceptual and institutional pillars on which that system was built. In particular, I emphasize that the classical system formed around treaties concluded by nation states and effectively preserved substantial autonomy for states crafting domestic intellectual property policy. The system recognized that the promulgation of international norms affected not only the balance of rights between owners and users but also the balance of national and international regulation, the latter balance being a concern of public international law generally.

Part II discusses some of the ways in which that system is changing. For example, there is increasing pressure to find international solutions to intellectual property

Introduction

policy dilemmas without the period of domestic experimentation with alternative models that was emblematic of the classical system. This contemporary approach has costs. To ameliorate the costs associated with the speedy development of international rules, and perhaps to ensure that *some* international solution is adopted, policy makers have begun more overtly to support the adoption of soft law norms rather than hard law treaty obligations. In response, those sceptical of these trends in international intellectual property law making have sought to slow down the process or bring it to a complete halt. In order to achieve a political climate where public international law imposes fewer constraints on national law makers (particularly law makers in developing countries), sceptics have adopted a number of strategies, including the multiplication of international institutions in which intellectual property is considered, and the concomitant development of a range of rival norms that have massively complicated the political economy of public international intellectual property law.

Using examples drawn primarily from copyright and trademark law, I illustrate the pressure to accelerate internationalization, the varying strength of adopted norms, and the changes to the political climate in which public international law making is occurring. To some extent, these changes reflect increased political and popular attention to trade and development. However, regardless of the catalyst, these systemic changes remain crucially important to trade and development because of the entanglement of intellectual property with trade and development policy.

Part III focuses, in greater detail, on two further changes in the international intellectual property system, namely, the increased role of both national courts and private ordering in developing international norms. In the classical international intellectual property system, national courts played a relatively limited role in developing, interpreting or implementing international norms. However, in recent years national courts have become more involved in the construction of international intellectual property law. Part III.A discusses both those judicial developments and pending projects that might further enhance the emerging role of national courts in the development of the system of international intellectual property law. For some time, these projects included the development of a treaty addressing transborder intellectual property disputes. Thus, the draft Hague Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters (the 'Draft Hague Convention'),¹ a proposed general treaty

¹ See 'Hague Conference on Private International Law, Summary of the Outcome of Discussions' in Commission II of the First Part of the Diplomatic Conference, 6–20 June, 2001, reprinted in (2002) 77 *Chi-Kent LR* 1015. The (June 2001) version of the 'Draft Hague Convention' is referred

addressing multinational civil and commercial litigation, included important provisions addressing intellectual property. Similar (and in many respects more ambitious) efforts were undertaken in a more academic setting by Professors Rochelle Dreyfuss and Jane Ginsburg, who authored a Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters (the ‘Dreyfuss–Ginsburg proposal’).² However, the consensus necessary to adopt a treaty, either with respect to civil litigation generally or dedicated to intellectual property disputes, never emerged. The Hague proposal was substantially narrowed, resulting ultimately in the conclusion of a convention validating exclusive choice of court clauses in business to business contracts. The Dreyfuss–Ginsburg proposal, however, was embraced by the American Law Institute as the basis for the development of a soft law instrument entitled ‘Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes’ (‘ALI Principles’). After several revisions, that document was adopted by the membership of the American Law Institute at its annual meeting in San Francisco in May 2007.

The role of national courts in the development of international intellectual property law is not going to diminish. National court decisions may of themselves construct (or at least contribute to) international intellectual property law through the sheer fact of their geographical reach; and this contribution may occur whether effectuated through the ad hoc application and extension of existing doctrinal devices by national courts, or through the development and application of a treaty under which such developments are consciously encouraged or appropriately limited.³ In Part III.A of this chapter, I sketch a vision of the contemporary international intellectual property system that accommodates (and actively seeks to incorporate) national judicial activity, and I situate the different proposals within that environment.

In Part III.B, I analyse another change to the classical model. Consistent perhaps with an evolution in international law generally, international intellectual property

to where necessary as the ‘June 2001’ draft Hague Convention in order to distinguish this text from the draft proposal published in October 1999. See ‘Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters’ (adopted 30 October 1999), available at <<http://www.hcch.net>>.

² Rochelle C Dreyfuss and Jane C Ginsburg, ‘Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters’ (2002) 77 *Chi–Kent LR* 1065.

³ Indeed, those critics who wish to reserve intellectual property issues to the control of local courts might wish to ensure that any treaty governing transborder civil litigation includes a broad exclusive jurisdiction provision rather than (as many do) advocating that intellectual property be wholly excluded from the scope of any such convention.

norms are increasingly established and developed through private ordering.⁴ In this chapter, I focus on two examples of international copyright norm formation that would fall outside a classical understanding of international intellectual property law: (1) norms generated by the commercial practices of information intermediaries, internet service providers (ISPs) in responding to claims of alleged copyright infringement by their subscribers, and (2) norms arising from digital rights management systems (DRMs) employed by copyright owners to limit the ability of users of copyrighted works to engage in activity previously authorized by public copyright laws (e.g. fair use copying, or private copying where permitted by national legislation). While conventional international copyright law has left much law making in these areas to national law, in both contexts, international norms may be evolving with insufficient public scrutiny (as regards both substantive rules and structural allocation of norm making between national and international levels). Particularly in the online context, private ordering has been hailed by some as an elixir to cure the inefficiencies of the offline world and to enhance the political legitimacy of governing rules and institutions. Yet, although private ordering has largely been validated in several areas of intellectual property law, its efficiency and legitimacy has been questioned in several domestic contexts, and the same questioning will (and should) occur in the context of international copyright law.

Moreover, as in the domestic context, the legitimacy and success of private ordering will depend upon the legal underpinning of these nominally private transactions. These legal underpinnings, what I have called the public structuring of private ordering, provide the points at which public values can most easily inform and shape the regulation that private ordering effects.⁵ Moreover, as copyright owners over-reach, or imbalances favouring copyright owners arise, political pressure will increase to subject private ordering to greater public oversight. The two examples I discuss illustrate some of the possible mixes of private ordering and public structuring that we might consider. No single combination of private ordering and public regulation will be appropriate in all cases. However, to the extent that private ordering is effecting the creation of international copyright

⁴ For a discussion of the different meanings of 'private ordering', see Niva Elkin-Koren, 'Copyrights in Cyberspace—Rights Without Laws?' (1998) 73 *Chi-Kent LR* 1155, 1160.

⁵ Justification for the elevation of public values may lie in the realist critique that public and private is an illusory divide. But it is at these points, where there is incontrovertible public structuring of the environment in which private ordering occurs, that the claim is easiest to sustain. The efficiency and the legitimacy of private ordering, and thus its ability to contribute to the development of international copyright norms, are intertwined with the public structuring.

norms, public regulation must also be constructed with an eye to the issues and basic premises of international copyright law.⁶

Part I The Classical System of International Intellectual Property Law

A. Public International Law

The beginnings of a developed system of international intellectual property law can be traced back to the 1880s, with the conclusion by nation states of the Paris⁷ and Berne Conventions.⁸ These treaties were built around two basic propositions.⁹ First, signatory states had to provide in their domestic law certain minimum levels of intellectual property protection that met so-called substantive minima found in the international agreements. Second, as a general rule, signatory states were obliged to offer to nationals of other signatory states protection which matched that afforded to their own nationals. This is the principle of national treatment.¹⁰

This basic structure—national treatment plus substantive minima—persisted throughout the twentieth century. Although the substantive minima obligations

⁶ The use of norms developed through DRMs might fit more easily within most notions of private ordering than norms developed through the practices of ISPs. The specific nature of ISP norm-generating practice is ‘incentivized’ by legislation that grants immunity in advance to certain practices; the ability of DRM systems to create copyright-inconsistent norms is ensured by legislation that, in response to the onset of DRMs, generally immunized the private acts of the content owner from being overridden by public values enshrined in the copyright law without reference to the content of any particular digital rights management. But both raise the question of the extent to which, and means by which, norms generated through the practices of private actors and enforced by contract and technology should be subject to ongoing supervision in order to ensure that in certain circumstances publicly developed norms trump inconsistent privately generated arrangements. So I treat them together in this chapter. Indeed, the ambiguities of the term merely highlight its truly mythical nature. See Margaret J Radin and Robert P Wagner, ‘The Myth of Private Ordering: Rediscovering Legal Realism in Cyberspace’ (1998) 73 *Chi-Kent LR* 1295.

⁷ Paris Convention for the Protection of Industrial Property, 20 March 1883, as last revised at Stockholm, 14 July 1967, Art 28, 21 UST 1583, 828 UNTS 305 [hereinafter Paris Convention].

⁸ See Berne Convention for the Protection of Literary and Artistic Works (1971 Paris text), 24 July 1971, 1161 UNTS 3 [hereinafter Berne Convention]; see generally Sam Ricketson and Jane C Ginsburg, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond* (Oxford University Press, 2006). The first version of the Berne Convention was concluded in 1886.

⁹ The Paris Convention also contained provisions designed to facilitate the acquisition of national registered rights on a multinational basis. See note 7 above, Art 4.

¹⁰ See Paris Convention, note 7 above, Art 2; Berne Convention, note 8 above, Art 5.

were periodically revised to require greater and different protection, the conceptual approach has endured. Indeed, it remains the dominant approach in current intellectual property treaties.¹¹ Some essential characteristics of this system are worth noting. In particular, this approach only barely intruded upon the national sovereignty of signatory states. It left states with substantial latitude in crafting their domestic laws. Different countries, situated in different social and economic conditions, might optimize the production of knowledge through different calibration of various doctrinal devices of national intellectual property law.

This latitude was achieved through several features. First, the substantive minima were initially quite undemanding.¹² They were in most cases meant to reflect a consensus position, as codifications of existing state practice.¹³ Second, many central concepts (such as who is an ‘author’ of a copyrighted work) were left open for signatory states to develop in accordance with their own national policies and values. And, this latitude was affirmed in practical terms by the fact that the obligations undertaken by states were not backed up with effective enforcement mechanisms. Although in later revisions of the Berne and Paris Conventions provision was made to refer disputes between states regarding the meaning of those conventions to the International Court of Justice,¹⁴ this was never done.¹⁵

The international intellectual property system need not have developed in this manner. In the debates leading up to the adoption of the Berne Convention, some delegations advanced the alternative notion of a universal copyright law. But these attempts were defeated by the pragmatic demands of greater national

¹¹ See Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994 [hereinafter the TRIPs Agreement or TRIPs], Marrakech Agreement Establishing the World Trade Organization [hereinafter WTO Agreement], Annex 1C, Legal Instruments—Results of the Uruguay Round, Vol 31, 33 ILM 81 (1994).

¹² See Graeme B. Dinwoodie, ‘A New Copyright Order: Why National Courts Should Create Global Norms’ (2000) 149 *U Pa LR* 469, 491 (discussing the Berne Convention and describing initial standards as ‘hardly exacting’); Graeme B. Dinwoodie *et al*, ‘International Intellectual Property Law and Policy 140’ (Lexis–Nexis, 2001) (describing trademark-related obligations in the Paris Convention as ‘relatively low-level’); Joanna Schmidt-Szalewski, ‘The International Protection of Trademarks After the TRIPs Agreement’ (1998) 9 *Duke J Comp & Int’l L* 189, 199–201 (discussing the ‘few trademark rules’ provided by the Paris Convention).

¹³ See Dinwoodie, ‘A New Copyright Order’, note 12 above, 493 (noting that the traditional Berne Convention revisions ‘constituted the received wisdom of the participating countries rather than prospective solutions to new problems’).

¹⁴ See Berne Convention, note 8 above, Art 33; Paris Convention, note 7 above, Art 28.

¹⁵ See Jerome H Reichman, ‘Enforcing the Enforcement Procedures of the TRIPs Agreement’ (1997) 37 *Va J Int’l L* 335, 339 n.17.

control over the course of copyright law.¹⁶ Similar tensions, though less starkly presented, can be found in the development of the Paris Convention.¹⁷ International intellectual property norms were to be developed and enforced with important regard for the autonomy of nation states.

B. Private International Law

In this scheme, national courts had very little role to play in the construction of international intellectual property law. Public international standards in the treaties found their way into national law largely through legislative implementation in domestic law.¹⁸ This was particularly true in the United States (where many, if not all, of the primary intellectual property treaties are not self-executing).¹⁹ The treaties did not, in any event, contain a comprehensive code that could substitute for general domestic legislation. National courts thus interpreted local intellectual property law, even if the content of that law had, in part, been influenced by international obligations.²⁰

Moreover, the causes of action which courts were called upon to adjudicate principally involved national rights. Even if international intellectual property treaties were self-executing, intellectual property rights remained national in scope. Territoriality of rights is a fundamental premise of classical international

¹⁶ See Jane C Ginsburg, 'The Role of National Copyright in an Era of International Copyright Norms', in Adolf Deitz (ed), *The Role of National Legislation in Copyright Law* (ALAI, 2000), 211, 213.

¹⁷ See *Crocker Nat'l Bank v Canadian Imperial Bank of Commerce*, 223 USPQ 909, 918–21 (TTAB *en banc* 1984) (discussing negotiation of Art 6 of the Paris Convention); United States–Section 211 Omnibus Appropriations Act of 1998, Report of the Appellate Body, WT/DS176/AB/R (WTO 2 January 2002) [hereinafter United States–Section 211], (noting the legislative discretion retained by national governments under the Paris Convention), available at <[http://www.worldtradelaw.net/reports/wtoab/us-section211\(ab\).pdf](http://www.worldtradelaw.net/reports/wtoab/us-section211(ab).pdf)> (last visited 7 June 2002).

¹⁸ See Graeme B. Dinwoodie, 'The Development and Incorporation of International Norms in the Formation of Copyright Law' (2001) 62 *Ohio St LJ* 733, 739 (discussing copyright law).

¹⁹ See Berne Convention Implementation Act of 1988, Pub L No 100–568, §2, 102 Stat 2853 (Berne Convention not self-executing); *Mannington Mills, Inc v Congoleum Corp*, 595 F2d 1287, 1299 (3d Cir 1979) (treating the Paris Convention as not self-executing); see also *Vanity Fair Mills, Inc v T Eaton Co*, 234 F2d 633, 640–44 (2d Cir 1956) (suggesting that the Paris Convention is self-executing, but finding no enlargement of substantive rights under US trademark law). But see *Laboratorios Roldan v Tex Int'l, Inc*, 902 F Supp 1555, 1568 (SD Fla, 1995) (recognizing claim under Art 10bis of the Paris Convention).

²⁰ To the extent that domestic law was understood as implementation of international obligations, national courts would typically interpret any ambiguity in the domestic rule in accordance with the international norm. But this is only a canon of interpretation. The reference to the underlying international norm depended upon the existence of an ambiguity in the domestic provision. See *In re Rath*, 402 F3d 1207 (Fed Cir 2005).

intellectual property law. There is no such thing as a global copyright or trademark, or global patent, with a unitary set of rights conferred and governed by a single, substantive international law.²¹ The creation of a fixed, original work of authorship, for example, gives rise to separate national copyrights in all countries affording copyright protection according to the different national laws of each of those countries.

Finally, the disputes that confronted courts were largely national in nature. National courts did, of course, have some occasion to address issues of private international law where cross-border effects occurred.²² But such events were rarer than today. And matters of private international law were left largely untouched by the intellectual property conventions.²³

Indeed, in the United States, courts generally have substantial discretion regarding the rules of private international law (such as jurisdiction to adjudicate, choice of law or applicable law, and recognition and enforcement of judgments).²⁴ Domestically, the United States Constitution, at least as interpreted, imposes greater restraints on the exercise by courts of personal jurisdiction than on the assertion of prescriptive jurisdiction (i.e. the Constitution contributes to the rules of personal jurisdiction but leaves choice of law rules largely unregulated).²⁵ And although recognition of foreign judgments is the norm in US law, this flows neither from constitutional mandate—the Full Faith and Credit Clause

²¹ See Dinwoodie *et al*, note 12 above, 1.

²² See, e.g. *Vanity Fair Mills*, note 19 above, 641 (US–Canadian trademark infringement); *Sheldon v Metro-Goldwyn Pictures Corp*, 106 F2d 45, 52 (2d Cir 1939) (awarding plaintiff profits from both US and Canadian exhibition of infringing motion picture where a copy of the motion picture had been made in the United States and then shipped to Canada for exhibition), *aff'd*, 309 US 390 (1940).

²³ See *Itar-Tass Russian News Agency v Russian Kurier, Inc*, 153 F3d 82, 90–91 (2d Cir 1998) (noting lack of guidance regarding choice of law issues in the Berne Convention); Jane C. Ginsburg, 'Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted Through Digital Networks', WIPO Doc GCPIIC/2, 22 and 34 (30 November 1998) (discussing the extent to which the Berne Convention determines the law applicable to issues of copyright ownership and infringement), at <http://www.wipo.int/eng/meetings/1998/gcpic/pdf/gcpic_2.pdf> (last visited 7 June 2002); Graeme B. Dinwoodie, 'Private International Aspects of the Protection of Trademarks' (January 2001) WIPO Doc No WIPO/PIL/01/4, ¶ 14 (discussing the minimal influence of international trademark treaties on choice of law), available at <http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_pil_01/wipo_pil_01_4.doc> (last visited 11 May 2007); see also Fritz Blumer, 'Patent Law and International Private Law on Both Sides of the Atlantic' (January 2001) WIPO Doc No WIPO/PIL/01/3, ¶ 2.1 (discussing how far the territoriality principle affects matters of private international law in patent cases), available at <http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_pil_01/wipo_pil_01_3.doc> (last visited 11 May 2007).

²⁴ See Eugene F. Scoles *et al*, *Conflict of Laws 2*, 3d ed, (West Publishing, 2000).

²⁵ Compare *Allstate Insurance Co v Hague*, 449 US 302, 308 (1981) (choice of law) with *Asahi Metal Indus Co v Superior Court*, 480 US 102, 113 (1987) (personal jurisdiction).

does not extend to the international context²⁶—nor from any international treaty obligations assumed by the United States.²⁷

Of course, some private international law rules developed from those international intellectual property disputes that did arise.²⁸ Flowing from the premise that all rights were national, and from the mindset that regarded intellectual property laws as public in nature, courts were reluctant to adjudicate disputes involving foreign intellectual property rights. Thus, although there is an important difference between having jurisdiction to adjudicate a case and the choice of law or law applicable to the case, courts—both in the United States and elsewhere—would decline to hear a case if their own law was not being applied.²⁹ The question of applicable law drove the exercise of power to adjudicate.³⁰

As a consequence, where infringement did occur in several states, suits typically had to be filed in separate national courts seeking relief for each national infringement.³¹ Determining the applicable law was thought to be quite easy: where did the reproduction, the use, the publication, or the sale

²⁶ See US Constitution Art IV, § 1.

²⁷ See *Hilton v Guyot*, 159 US 113, 163–64 (1895) (resting recognition of foreign judgments on comity); *SARL Louis Feraud Intern v Viewfinder Inc*, 406 F Supp 2d 274 (SDNY 2005) rev'd F3d, 2007 WL 1598057 (2d Cir June 5, 2007). For a recent indication by the Canadian Supreme Court that internationalization of the exploitation of intellectual property requires reconsideration of traditional principles of recognition of judgments, see *Pro Swing Inc v ELTA Golf Inc*, 2006 Carswell Ont 7203; 2006 SCC 52 (2006).

²⁸ See note 22 above (listing illustrative cases); see also *Steele v Bulova Watch Co*, 344 US 280, 283–84 (1952) (extraterritorial application of Lanham Act to activities in Mexico with effects on US commerce); *Robert Stigwood Group Ltd v O'Reilly*, 530 F2d 1096, 1101 (2d Cir 1976) (declining to apply US copyright law extraterritorially to performances in Canada).

²⁹ See, e.g. *Vanity Fair Mills*, note 19 above (trademark); *ITSI TV Prods, Inc v Cal Auth of Racing Fairs Agric*, 785 F Supp 854, 866 (ED Cal 1992) (copyright), rev'd on other grounds, 3 F3d 1289 (9th Cir 1993); see also *DeepSouth Packing Co v Laitram Corp*, 406 US 518, 537 (1972) (suggesting that a US patent holder seeking protection in foreign markets should avail itself of its foreign patents); *Rectifier Corp v Samsung Elecs*, 361 F3d 1355 (Fed Cir 2004)

³⁰ In practice, the cause and effect of this relationship might not have been so clear. That is, one could interpret judicial practice as reflecting the sentiment that, if the court found jurisdiction to adjudicate, it applied its own law.

³¹ This remains the norm. See *Computer Assocs Int'l, Inc v Altai, Inc*, 126 F3d 365, 371–72 (2d Cir 1997) (refusing to grant antisuit injunction against pursuit of French copyright infringement action notwithstanding that the defendant's program had been held to be non-infringing in parallel US proceedings between the same parties involving the same works); *Microsoft Corp v Lindows.com, Inc*, 319 F Supp 2d 1219 (WD Wash 2004) (trademark). Compare *Euromarket Designs, Inc v Crate & Barrel Ltd*, 96 F Supp 2d 824 (ND Ill 2000) (discussing claim for infringement of US trademark rights in mark 'Crate & Barrel') with *Euromarket Designs, Inc v Peters*, [2000] ETMR 1025 (Ch 2000) (England) (claim for infringement of UK trademark rights in same mark); compare *Improver Corp and Sicommerce v Remington Prods*, 24 IIC 838 (Dusseldorf Ct. App. 1991) (FRG) (discussing action in Germany for infringement of patent on Epilady shaver) with *Improver Corp and Others v Remington Consumer Prods Ltd*, 1990 FSR 181 (High Court 1989) (UK) (action in the UK for infringement of patent on same invention).

occur? The place of such acts would be the place of infringement.³² The law of this place would thus be the applicable law, which meant that this would be where the plaintiff sued and where enforcement occurred. So, complex multinational intellectual property litigation appears in practice to have been quite rare.

National courts thus had little trouble with, and did not readily develop, rules of private international law for intellectual property disputes. And, they had very little engagement with the rules of public international intellectual property found in treaties, because these were not the source of the rules of decision in the cases before them. There was, therefore, very little dynamic between public and private international intellectual property laws.

Part II Changes to the Classical System

Over the last 15 to 20 years we have witnessed some changes to the foregoing description of the international intellectual property system. However, some things have not altered. The prevailing doctrinal premise is still one of territoriality;³³ rights remain largely national in nature;³⁴ and the principal

³² Trademark law is, to some extent, concerned more with effects (e.g. consumer confusion). Thus, although some courts and scholars have sought to elevate the nature of the defendant's use in assessing whether an act amounts to infringement, localization of trademark infringing activity will often turn on where consumers are alleged to have been confused. See World Intellectual Property Organization, 'Joint Recommendation Concerning the Protection of Marks, and Other Industrial Property Rights in Signs, on the internet' (October 2001), available at <http://www.wipo.int/documents/en/document/govbody/wo_gb_ab/pdf/a36_8.pdf> (last visited 11 May 2007) (defining the location of use online by reference to commercial effect).

³³ See *Computer Associates*, note 31 above, 365 (copyright); *Rotec Indus, Inc v Mitsubishi Corp.*, 215 F3d 1246, 1251 (Fed Cir 2000) (requiring that in order to violate the patent holder's exclusive right to offer its patented invention for sale, the allegedly infringing offer must occur within the United States); *Johns Hopkins Univ v Cellpro, Inc.*, 152 F3d 1342 (Fed Cir 1998) (patent); *Sterling Drug, Inc v Bayer AG*, 14 F3d 733, 736, 744–48 (2d Cir 1994) (taking territorial nature of trademark rights into account when fashioning relief); *Subafilms, Ltd v MGM-Pathé Communications Co.*, 24 F3d 1088, 1089 (9th Cir 1994) (copyright); *Person's Co Ltd v Christman*, 900 F2d 1565, 1569 n18 (Fed Cir 1990) (declining to revise territorial understanding to reflect the 'world economy'); *Playboy Enters v Chuckleberry Publ'g, Inc.*, 939 F Supp 1032, 1036–37 (SDNY 1996) (taking territorial nature of trademark rights into account when fashioning relief).

³⁴ Even those exceptional modifications of national rights that exist, such as unitary trademark rights over the entire region of several nations within a free trade agreement (most notably, the European Union: see Council Regulation 40/94 of 20 December 1993 on The Community Trademark, 1994 OJ (L 11), available at: <<http://oami.europa.eu/en/mark/aspects/pdf/4094enCV.pdf>> (last visited 11 May 2007)), could plausibly still be regarded as territorial in nature, albeit with a territory now defined by the regional 'superstate' rather than individual nation states.

intellectual property agreements remain structured around the dual principles of national treatment and substantive minima.³⁵

But in that time, our social and economic environment has become more global in nature. Intellectual property products, like their creators and users, move through international commerce and international communities with speed and in quantities that we could not previously have imagined. This has prompted demands for intellectual property laws that are more global in reach, and the sometimes inconsistent demand for intellectual property laws that respond more quickly to new problems and new technologies.³⁶ In this climate, the principles of territoriality and national autonomy over intellectual property policy have come under pressure. In this Part, I will briefly highlight some of the most important changes to the public international intellectual property system, the network of obligations among nation states.

A. Lessons from Copyright

Intersecting Vectors of Balance

One of the dominant justifications tendered for the existence of copyright protection is that it encourages the generation and distribution of knowledge.³⁷ Copyright can be and is supported on other grounds (especially outside common law countries).³⁸ And the precise dynamic by which copyright effectuates its knowledge-positive purpose is unclear: different groups of producers and distributors no doubt respond to a different balance of incentives, and the inter-relationship between incentives to produce and incentives to distribute is complex. But the incentive theory is given substantial weight in most countries throughout the world.³⁹ If, as conventional theory suggests, a certain level of copyright protection enhances the supply of knowledge then, it might be argued,

³⁵ See TRIPs Agreement, note 11 above, Art 2(1) (requiring compliance with stated provisions of the Paris Convention), Art 3 (national treatment), and Art 9(1) (requiring compliance with stated provisions of the Berne Convention); see also United States—Section 211, note 17 above (discussing national treatment obligations of TRIPs), at <[http://www.worldtradelaw.net/reports/wtoab/us-section211\(ab\).pdf](http://www.worldtradelaw.net/reports/wtoab/us-section211(ab).pdf)> (last visited 7 June 2002).

³⁶ See Dinwoodie, 'A New Copyright Order', note 12 above, 477 (discussing these pressures in copyright law).

³⁷ See *Mazer v Stein*, 347 US 201, 219 (1954); William M Landes & Richard A Posner, 'An Economic Analysis of Copyright Law' (1989) 18 *J Leg Stud* 325.

³⁸ Stephen M. Stewart, *International Copyright and Neighboring Rights*, 2nd ed (Lexis Law Publishers 1989) (discussing justifications grounded in cultural diversity and natural rights); Paul Goldstein, *International Copyright: Principles, Law, and Practice* (Oxford University Press, 2001).

³⁹ World Intellectual Property Organization, 'Intellectual Property on the Internet: A Survey of the Issues,' (December 2002) WIPO Doc. No. WIPO/INT/02.

extending this beneficent force to other countries through the development of an international copyright system will, *inter alia*, enhance the global store of knowledge.⁴⁰ In this sense, international copyright law might be understood as a mere spatial extension of the conventional instrumentalist proposition.⁴¹

Of course, even within *single countries*, the incentive argument can be pressed too simplistically. Intricate balancing of competing considerations is necessary to ensure that copyright does not undermine the public objectives that it purports to advance. More incentive does not necessarily mean more production and distribution of knowledge. In some instances, gaps in protection lead not only to a reduced incentive but also to enhanced opportunities for creation and distribution. The argument for copyright protection relies on the increase in knowledge from enhanced incentive not being outweighed by a reduction in knowledge supply that would otherwise occur through gaps in protection.

Those institutions that develop international copyright rules must, no less than national law makers, pursue the same elusive goal of substantive balance. International copyright law must likewise be based on an assessment of what types and levels of protection best further the purposes of copyright law. Thus, in shaping treaties, policy makers consider the access/incentive dynamic in ways not unfamiliar in the domestic copyright context. Indeed, they may do so in a manner far too similar to that which occurs at the domestic level.⁴² But constructing the international copyright regime is doubly difficult. The international system must wrestle not only with the copyright dilemmas confronted on the national level but also with broader questions of balance that pervade international relations generally.⁴³ In particular, what is the appropriate balance between universal rules and national autonomy? Every international instrument and institution implicitly addresses the competing claims of universality and national autonomy (or sovereignty). Emphasizing the autonomy

⁴⁰ In *Eldred v Ashcroft*, 537 US 186 (2003), the United States Supreme Court suggested that Congress could rationally view the development of the international copyright system, and the fullest US participation therein, as a factor that could result in greater incentive for the creation and dissemination of works in the United States. This argument rests on more systemic concerns, namely, that anything that facilitates a more secure environment for the distribution of authors' work (which, in a digital era where works cross borders with ease, includes protection abroad) will encourage the generation and distribution of works. See Shira Perlmutter, 'Participation in the International Copyright System as a Means to Promote the Progress of Science and Useful Arts' (2002) 36 *Loyola LA LR* 323, 323–325.

⁴¹ Historically, adherents to natural rights theories of copyright could use the universalist character of natural rights to support international copyright laws.

⁴² See Graeme B. Dinwoodie, 'The WIPO Copyright Treaty: A Transition to the Future of International Copyright Lawmaking' (forthcoming, 2007) *Case Wes Res Univ LR*.

⁴³ Moreover, the notion of balance can be seen as even more complex; identifying two vectors is itself a vast over-simplification. See *ibid*.

of nation states in international copyright law ensured that states could tailor national laws to their own social, cultural and economic demands. The incentives likely to maximize the generation and distribution of knowledge may vary widely from country to country. And, it allowed countries to serve as laboratories in which to determine whether certain norms were superior to others as determinants of knowledge supply.⁴⁴ Discussion of international copyright policy thus extends not only to substantive norms of copyright law, but also to whether certain norms should be allowed to evolve differently at the national level in lieu of articulating an international rule.⁴⁵

Moreover, once a decision is made to develop an international norm, and thus limit the capacity of nation states to make fully autonomous determinations regarding the optimal level and form of intellectual property protection, what will that norm be? How fully will it constrain national choice? Can one construct an international rule that, by providing some room for cultural and economic difference, maximizes social utility in different countries?

Over the past century, the international intellectual property system sought to pursue the commonly-held objectives of copyright law while recognizing that the values of diversity and self-determination might caution against moving too quickly in the direction of universal norms.⁴⁶ The principle of national treatment, in tandem with the Berne Convention's substantive minima, ensured the availability of basic copyright protection for foreign works and foreign authors in a signatory country. Under conventional theory, it would also enhance the access to works in the new country by encouraging foreign authors to expand their distribution to that country.⁴⁷ Moreover, the availability of property rights consistent with minimum substantive norms would encourage local production of knowledge in the country newly acceding to the copyright regime.⁴⁸ Taken together, global production of, and access to, creative works, is enhanced by

⁴⁴ Graeme W. Austin, 'Valuing "Domestic Self-Determination" in International Intellectual Property Jurisprudence' (2002) 77 *Chi-Kent LR* 1155, 1194–1195; Dinwoodie, 'A New Copyright Order', note 12 above, 503.

⁴⁵ Those who see copyright as a natural right might be expected to argue for intrusive international norms with strong binding effect. Those who view copyright in more instrumental terms would likely prefer an approach that allowed each country, pursuing the same general objectives, to develop policies closely tied to a country's own social and economic conditions.

⁴⁶ See Austin, note 44 above, 1172.

⁴⁷ Moreover, the opening of new, secure markets in turn might enhance the incentive offered to authors in all countries, further enhancing the global incentive to creation. See Peter M Gerhart, 'Reflections: Beyond Compliance Theory—TRIPS as a Substantive Issue' (2000) 32 *Case W Res J Int'l L* 357.

⁴⁸ Arguments for international copyright protection are thus strengthened by measures designed to ensure an indigenous economy that takes advantage of the enhanced incentive. With respect to developing countries in particular, that calculation may be contingent on variables (e.g. disposable

the availability of protection internationally.⁴⁹ But these basic (and internationally shared) copyright objectives could be achieved without the imposition of universal copyright norms, optimizing overall access to creative works by allowing for nation-by-nation adjustment, and taking advantage of initial periods of national experimentation.

The Pressure to Internationalize Promptly

These, then, were the structural or institutional norms that guided the development of international copyright law. In recent years, however, these norms have been subjected to intense pressure to change. In particular, copyright owners have sought the adoption of more intrusive international rules, earlier in the stage of norm development and with respect to a larger array of copyright issues.⁵⁰ Thus, in 1996 the European Union and the United States advanced a proposal for an international treaty mandating a new form of protection for databases, notwithstanding that the EU Database Directive was of relatively recent vintage and the US Congress was baulking (and continues to balk) at domestic adoption of such a system.⁵¹ Debate about the appropriate level and form of protection for electronic databases was occurring in a number of countries but an immediate international consensus looked unlikely.

Although the Database Treaty was effectively shelved at the 1996 Geneva Diplomatic Conference, that conference did adopt two other treaties, namely, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. These so-called 'Internet Treaties' sought to retrofit copyright and neighbouring rights for the digital era, a task upon which national policy makers were only just embarking. Indeed, while the classical international system typically worked with the raw data of enacted and interpreted national laws, in 1996 negotiators of the Internet Treaties drew inspiration from several pieces of proposed legislation that were contemporaneously being considered at the national level.⁵²

income, skills and investment necessary to develop indigenous industry) that differ substantially from country to country and that are not in any event within the exclusive control of copyright law.

⁴⁹ The conventional argument prevails on the theory that authorized versions of works are likely in the long term to be more numerous (or more reliably available) than the number of pirate copies that would be available in the second country in a copyright-free environment. The accuracy of this premise may vary between countries, differ as between different types of works, and be rendered quite unstable by the advent of digital communication technologies (especially as these technologies proliferate in lesser-developed countries).

⁵⁰ Dinwoodie, 'A New Copyright Order', note 12 above, 477–483; Dinwoodie, 'The WIPO Copyright Treaty', note 42 above.

⁵¹ See Daniel J Gervais, 'The Protection of Databases' (forthcoming, 2007) 82 *Chi-Kent LR*.

⁵² WIPO Copyright Treaty, WIPO Doc CRNR/DC/94, 20 December 1996, 36 ILM 65; WIPO Performances and Phonograms Treaty, 20 December 1996, 36 ILM 76. See Dinwoodie, 'The WIPO Copyright Treaty', note 42 above.

More recently, the WIPO Standing Committee on Copyright and Related Rights (the SCCR) has been moving towards a broadcasting treaty that might create international rules on webcasting at a time when the market and technological significance of webcasting remains uncertain.

Of course, there may be good reasons to seek international solutions in a speedier fashion than in the late nineteenth century. In the digital world of instantaneous global exploitation and easy, faithful reproduction, universal rules are seen as more efficient and necessary to ensure the effectiveness of domestic policy choices. The level of effective enforcement of intellectual property rights might plausibly be figured into the balance of creator and user rights that default rules of copyright law strive to strike. If so, the ease with which offshore infringing activity can undermine the incentives established by national law is in fact a matter of distinct local concern.

As discussed below, the argument for early development of international norms has also been sustained by invocation of contemporary trade theories, which have assumed greater prominence because of the incorporation of intellectual property within the broader trade apparatus. In addition, rising resistance to certain copyright policies in the domestic political arena may have persuaded proponents of particular measures strategically to shift institutional focus to the international stage (where, to their dismay and surprise, the same competing forces are now arrayed).⁵³

The Trade Prism

These arguments, in favour of more rapid and intrusive international copyright law making, have been assisted by viewing intellectual property through the prism of international trade. International intellectual property policy making has, in large part, been subsumed within the broader apparatus of trade relations. This first occurred unilaterally in the form of annual reviews by the United States Trade Representative under the Special 301 provisions of the Trade Act⁵⁴ and the (more recent) equivalent procedure in the European Union under the Trade Barriers Regulation.⁵⁵ A parallel shift was effected multilaterally, in 1994, by the

⁵³ See Pamela Samuelson, 'The U.S. Digital Agenda at WIPO' (1997) 37 *Va J Int'l L* 369; Dinwoodie, 'The WIPO Copyright Treaty', note 42 above.

⁵⁴ See, e.g. Office of The United States Trade Representative, '2002 Special 301 Report' (April 2002), available at <http://www.ustr.gov/Document_Library/Reports_Publications/2002/2002_Special_301_Report/Section_Index.html>; see generally Kim Newby, 'The Effectiveness of Special 301 in Creating Long-Term Copyright Protection for US Companies Overseas' (1995) 21 *Syracuse J Int'l L & Com* 29.

⁵⁵ See Council Regulation (EC) No 3286/94 of 22 December 1994 (laying down Community procedures in the field of the common commercial policy in order to ensure the exercise of the

inclusion of intellectual property provisions (i.e. TRIPs) within the Agreement Establishing the World Trade Organization.⁵⁶ The precise ways in which this overarching trade context may transform international intellectual property law remain unclear, but that context surely has altered the character of international intellectual property relations.⁵⁷

Most obviously, many of the public international obligations undertaken by states in the classical era (and some added by TRIPS itself in 1994) are now backed by an effective dispute settlement system (that of the WTO) among states to ensure compliance with the internationally agreed-upon standards.⁵⁸ International intellectual property law now has real teeth. The latitude for member state autonomy has been reduced, in both the formation and interpretation of international norms, though it undoubtedly remains too early to make final judgments on the effect of the WTO system on international copyright law.

Nine WTO dispute settlement panel reports addressing TRIPs violations, including one that was copyright-specific, have been handed down thus far (three of which also gave rise to reports by the Appellate Body). Although all, bar one, find some transgression of the TRIPs Agreement, these proceedings probably involve the clearest cases of TRIPs non-compliance. Nor should we draw too much significance from the outcomes of these proceedings alone.⁵⁹ Indeed, the methodology of panels has been quite strict in tying decisions to the literal language of the TRIPs Agreement; *Webster's Dictionary* has become an essential research tool in

Community's rights under international trade rules, in particular those established under the auspices of the World Trade Organization, 1994 OJ (L 349) 71, as amended by Council Regulation (EC) No 356/95 of 20 February 1995, 1995 OJ (L 41) 3; see generally David Rose, 'The EU Trade Barrier Regulation: An Effective Instrument for Promoting Global Harmonisation of Intellectual Property Rights?' (1999) 21 EIPR 313.

⁵⁶ Uruguay Round Agreements Act 1994, Pub L No 103-465, 108 Stat 4809 (1994). The conclusion of TRIPs did not prevent the United States from publishing annual Special 301 reviews of foreign intellectual property protection. Indeed, the Uruguay Round Agreements Act, which implemented the TRIPs Agreement in US law, expressly contemplated that those reviews would continue.

⁵⁷ See Neil W Netanel, 'The Next Round: The Impact of the WIPO Copyright Treaty on TRIPs Dispute Settlement' (1997) 37 *Va J Int'l L* 441, 451-52; Dinwoodie, 'A New Copyright Order', note 12 above, 501-18; David Nimmer, 'The End of Copyright' (1995) 48 *Vand LR* 1385.

⁵⁸ See Understanding on Rules and Procedures Governing the Settlement of Disputes, 15 April 1994, WTO Agreement, Annex 2, Legal Instruments—Results of the Uruguay Round, Vol 31, 33 ILM 112 (1994); United States—Section 211, note 17 above (reversing Panel Report that offered a narrow interpretation of the scope of TRIPs).

⁵⁹ See Dinwoodie, 'Development of International Norms', note 18 above, 765-66 (stressing, in the context of the United States—Section 110(5) report, the importance of distinguishing between the outcome and the reasoning of the panel); Austin, note 44 above.

WTO TRIPs litigation.⁶⁰ Moreover, at least in some respects, the WTO panel in the sole copyright case to date did not try to alter radically the mix of national autonomy and universal standards embodied in the international intellectual property agreements.⁶¹

Yet, over time, the narrowness of the panels' reasoning in intellectual property disputes may unduly restrict national copyright law making, if not sufficiently infused with normative values drawn from the stated purposes and objectives of the TRIPS Agreement as well as the broader intellectual property literature.⁶² Regardless of the long-term effect of cautious panel formalism, it is clear that the balance between national autonomy and universal norms will be a central (if sometimes unexpressed) consideration underlying WTO panel determinations, just as it was in the drafting and revision of the classical conventions.⁶³ Importantly, however, any recalibration of that balance may now be effected, not only by nation state negotiators but also (and perhaps more easily) by panellists in the WTO dispute settlement body.

An appreciation of the *rhetoric, philosophy and values* of the trade regime is also important in seeking to understand how the trade context has influenced the international intellectual property system. The enhancement of international intellectual property obligations has been bolstered, in particular, by invocation of contemporary free trade philosophies, most notably that of

⁶⁰ See Dinwoodie, *ibid*, 775 (discussing United States–Section 110(5) panel report); Jerome H Reichman, 'Securing Compliance with the TRIPs Agreement After *US v India*' (1998) 1 *J Int'l Econ L* 585, 594–97 (discussing *India–Pharmaceutical Patents* Appellate Body report); see also United States–Section 211, note 17 above, ¶¶137, 172, 187, 215, 219 (citing dictionary definitions of 'as is', 'derogate', 'owner', 'available', and 'substantiate').

⁶¹ See Dinwoodie, *ibid*, 764–65 (discussing United States–Section 110(5) panel report); see also Reichman, *ibid*, 594–97 (discussing *India–Pharmaceutical Patents* Appellate Body report).

⁶² See Dinwoodie, *ibid*, 764–65 (discussing failure of United States–Section 110(5) panel to follow through on the normative component of its definition of 'normal'). I have written in greater detail about the emerging WTO TRIPs jurisprudence and its effects on national policy making choices and processes in a series of articles co-authored with Rochelle Dreyfuss. For more detailed explanations, see Graeme B Dinwoodie and Rochelle C Dreyfuss, 'Diversifying Without Discriminating: Complying with the Mandates of the TRIPs Agreement', vol 13, p 445 (2007) *Michigan Telecommunications and Technology LR*; Graeme B Dinwoodie and Rochelle C Dreyfuss, 'Patenting Science: Protecting the Domain of Accessible Knowledge', in Guibault and Hugenholtz (eds), *The Future of the Public Domain in Intellectual Property* (Kluwer, 2006); Graeme B Dinwoodie and Rochelle C Dreyfuss, 'TRIPs and the Dynamics of Intellectual Property Lawmaking' (2005) 36 *Case W Res J Int'l L* 95; Graeme B Dinwoodie and Rochelle C Dreyfuss, 'WTO Dispute Resolution and the Preservation of the Public Domain of Science Under International Law' in *International Public Goods and Transfer of Technology under Globalized Intellectual Property Regime*, Maskus and Reichman eds (Cambridge University Press, 2006); Graeme B Dinwoodie and Rochelle C Dreyfuss, 'International Intellectual Property Law and the Public Domain of Science' (2004) 7 *J Int'l Econ L* 431.

⁶³ See Dinwoodie, 'Development of International Norms', note 18 above, 764–66.

comparative advantage. If one country has a comparative advantage in knowledge-based products then, the argument goes, global protection of intellectual property rights is essential to permit exploitation of that comparative advantage. This philosophy is one of the explanations for the inclusion of copyright (indeed, all intellectual property) within the heart of the trade regime in 1994. In political terms, the TRIPS Agreement (which contains a significant copyright component) can be seen as simply the product of a trade-off in which developing countries received access to the markets of the developed world in return for enhanced levels of intellectual property protection.⁶⁴ But the language of comparative advantage provides an arguably less power-centered explanation and justification for international copyright law.

Of course, this does not immunize contemporary trade theory from criticism. Thus, while the theory of comparative advantage touts the benefits of efficiency, one can question the moral force of an argument that is grounded in the premise that the developed world can take advantage of its strengths in financially lucrative technology while leaving the developing world its 'strength' of low-wage manufacturing jobs. Indeed, there is an inherent tension between the theory of comparative advantage, which in large part accepts present-day advantages as acceptable, and the obligations of technology transfer that are included in the TRIPS Agreement and which are an important part of development policy. The same is true with cultural products: comparative advantage philosophy celebrates cultural concentration; all countries have cultural goods, but because only some have a comparative advantage this is not a problem under contemporary trade theory. But copyright theory traditionally has valued a diverse cultural and informational ecology, particularly if copyright is understood as playing a significant role in constructing the marketplace of ideas.

Moreover, one might also fear that the incorporation of intellectual property agreements within trade mechanisms might (if economic concerns become paramount) deprive intellectual property policy making of the rich palette of human values that historically has influenced its formulation. International copyright debates would be less multidimensional if law makers sought only to enable states to exploit their comparative advantage in copyright. Of course, the outcome of these changes may depend not only upon whether the trade context affects the values underlying nation-to-nation negotiating—'let in my bananas, we'll cut you some slack on CDs' becomes a more ready and explicit form of discussion—but also upon how the binding dispute settlement system of the

⁶⁴ See Gerhart, note 47 above, 370–373.

World Trade Organization (to which the TRIPS obligations are subjected) deals with the trade/intellectual property interface.⁶⁵

Finally, one of the (arguably) unintended consequences of using the trade system to effect the geographical expansion of intellectual property has been an increase in critical public attention on a worldwide basis. That is, in part, because the effects of intellectual property rights are inevitably more stark when viewed in a context where they implicate core aspects of human subsistence more directly. In many countries that are new to the intellectual property regime, the claims of strong intellectual property rights are claims to be able to save the lives of vast proportions of the community afflicted at a young age with terminal illness, to raise large swathes of people from severe poverty through the stimulation of economic development, and to bring benefits such as literacy to more socially isolated groups and thus enable a broader range of valuable human experience. Critics of strong copyright protection argue that a maximalist vision of proprietary control impedes and imperils these very same important social objectives. Bringing the intellectual property debate into the global context has inevitably sharpened the tenor of debate because the stakes seem far more fundamental, and might ultimately move the trade debate itself into a debate that transcends economic efficiency. Certainly, the nominal title of the current round of trade negotiations—the Development Round—suggests that this is not out of the question. The rich set of social values implicated by intellectual property is likely to be affected by, and contribute to, such an expanded vision of trade negotiators.

B. Lessons from Trademark: Faster and Softer Norms

A study of recent international trademark law making confirms that international intellectual property law is now effectively generated by a wide range of different processes.⁶⁶ In response to some of the same pressures discussed above, existing international institutions have introduced new law making processes designed to enable quicker reactions to new social and technological developments. In this category, one might include the structural reorganization of

⁶⁵ See generally Rochelle C Dreyfuss & Andreas F Lowenfeld, 'Two Achievements of the Uruguay Round: Putting TRIPs and Dispute Settlement Together' (1997) 37 *Va J Int'l L* 275; see also Dinwoodie, 'Development of International Norms', note 18 above, 766–69 (discussing the influence of the trade context on the first report issued by a WTO dispute settlement panel regarding a copyright law question).

⁶⁶ See Graeme B Dinwoodie, 'The International Intellectual Property Law System: New Actors, New Institutions' (2004) *New Sources of, 98 Proc Am Soc'y Int'l L* 213, reprinted in (2006) 10 *Marq Intell Prop L Rev* 205.

the World Intellectual Property Organization (WIPO). WIPO has formed, and made use of, standing committees to present proposals to the WIPO Assemblies for adoption in the form of non-binding recommendations rather than pursuing these same substantive goals through the mechanism of formal treaties adopted after a longer negotiation process.⁶⁷ This device has been most prevalent in the trademark context, with the 1999 non-binding recommendation on the treatment of well-known marks, and later adoption of a recommendation on rules governing the concept of 'use' on the internet, being notable examples.⁶⁸

The adoption of the Uniform Domain Name Dispute Resolution Policy (UDRP)⁶⁹ by the Internet Corporation for Assigned Names and Numbers (ICANN)⁷⁰ in late 1999 is another example of speedy (and novel) international intellectual property law making. ICANN requires every registrar, offering to register domain names in the most commercially significant generic top-level domains, to include in its registration agreement a contractual provision whereby domain name registrants submit to the application of the UDRP. As a result, certain disputes between domain name registrants and trademark holders (known as cyber-squatting disputes) are resolved by quasi-arbitral panels appointed by ICANN-authorized dispute settlement providers and according to substantive rules that were developed in an unconventional process of international intellectual property law making.⁷¹

⁶⁷ See 'Report of the Director General of WIPO', WIPO Doc No WO/GA/23/1 ¶¶1–12 (4 September 1998) (discussing the proposal to establish standing committees), available at <<http://www.wipo.int>>; Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, WIPO Doc. No. A/34/13 at 3 (August 1999) (discussing the non-binding nature of the recommendation), at <http://www.wipo.int/about-ip/en/development_iplaw/pub833.htm> (last visited 7 June 2002) [hereinafter 'Well-Known Marks Joint Recommendation'].

⁶⁸ See Well-Known Marks Joint Recommendation, *ibid*; 'Joint Recommendation Concerning the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet' (October 2001), available at <http://www.wipo.int/about-ip/en/development_iplaw/pub845.htm> (last visited 12 May 2007); see also 'Joint Recommendation Concerning Trademark Licenses' (October 2000), available at <http://www.wipo.int/about-ip/en/development_iplaw/pub835.htm> (last visited 12 May 2007).

⁶⁹ See 'Uniform Domain Name Dispute Resolution Policy' (24 October 1999) [hereinafter UDRP], available at <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>> (last visited 7 June 2002); see also 'Rules for Uniform Domain Name Dispute Resolution Policy' (24 October 1999), available at <<http://www.icann.org/dndr/udrp/uniform-rules.htm>> [hereinafter UDRP Rules] (last visited 7 June 2002).

⁷⁰ ICANN is a not-for-profit corporation that was created by the US government to operate the domain name system, among other things, in accordance with parameters set by the Commerce Department. Management of Internet Names and Addresses, 63 Fed Reg 31, 741 (10 June 1998).

⁷¹ See generally Laurence R Helfer and Graeme B Dinwoodie, 'Designing Non-National Systems: The Case of the Uniform Domain Name Dispute Resolution Policy' (2001) 43 *Wm & Mary LR* 141 (analysing the development of the UDRP at length); Graeme B Dinwoodie, '(National) Trademark Laws and the (Non-National) Domain Name System' (2000) 21 *U Pa J Int'l & Econ L* 495

Without unduly minimizing the ambiguities of that process,⁷² in essence WIPO acted at the request of a single member state (the United States) to produce a report that, by virtue of delegation of *de facto* control of the domain name registration process from that single government,⁷³ could be implemented by ICANN as substantive law without the usual airings found in the intergovernmental law making process of which WIPO is a part.⁷⁴ And, as the Australian government recognized in a submission to the TRIPs Council not long after the UDRP was adopted, the UDRP has indeed become the international standard for resolution of cybersquatting disputes.⁷⁵

To be fair to WIPO, the Organization did try to solicit comments regarding the proposals through alternative channels. Yet the process was quite different from the classical intergovernmental model to which WIPO formerly adhered (and largely still adheres). Instead, the development of the UDRP occurred outside the traditional intergovernmental process, thus reducing the direct involvement of nation states and moving at a much brisker pace than found in the treaty revision process.⁷⁶

To be sure, both of these developments are expressly intended to produce only soft law. The recommendations that emanate from the WIPO standing committees and are later adopted by the WIPO Assembly are non-binding; nations may decide without penalty whether to introduce reforms to national law in order to comply with the recommendations.⁷⁷ Likewise, the results in UDRP proceedings can be overcome by contrary determinations in national courts and those courts are not obliged to defer (or even refer) in any way to the conclusions of the UDRP panel.⁷⁸ Indeed, orders of UDRP panellists may

(explaining the clashes between trademark law and the domain name system that gave rise to the non-national solution).

⁷² For a much fuller account, see Helfer and Dinwoodie, *ibid.*

⁷³ See Andrew Christie, 'The ICANN Domain-Name Dispute Resolution System as a Model for Resolving Other Intellectual Property Disputes on the Internet' (2002) 5 *J World Intell Prop* 105, 107–10.

⁷⁴ See Helfer and Dinwoodie, note 71 above, 167–68.

⁷⁵ See Council for Trade-Related Aspects of Intellectual Property Rights, WTO, Electronic Commerce Work Programme: Submission from Australia, IP/C/W/233, ¶44 (7 December 2000) (suggesting that the UDRP has 'arguably become a *de facto* international standard' for the resolution of cybersquatting disputes), available at <<http://docsonline.wto.org>>.

⁷⁶ See Helfer and Dinwoodie, note 71 above, 168.

⁷⁷ See Well-Known Marks Joint Recommendation, note 67 above, 3 ('this creates no legal obligation for any country, but following such a recommendation would produce practical benefits').

⁷⁸ See UDRP, note 69 above, ¶4(k) (providing that parties to UDRP disputes are not precluded 'from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded'); see also *Sallen v Corinthians Licenciamentos LTDA*, 273 F3d 14 (1st Cir 2001) (noting that UDRP panel decisions are not entitled to any deference in subsequent national court proceedings) (citing

be stayed by nothing more than the losing party filing a complaint in the appropriate national court.⁷⁹

But in practice these new forms of law making may produce harder law. This solidification may happen in different ways. It can occur through traditional public law mechanisms. For example, a number of bilateral trade agreements entered into by the United States require signatory states to ensure that their trademark laws comply with the WIPO Joint Recommendation on Well-Known Marks.⁸⁰ WIPO also asked member states to consider whether the different non-binding trademark recommendations adopted from 1999–2001 should be incorporated in treaties harmonizing trademark law.⁸¹ The Revised Trademark Law Treaty, concluded in Singapore in 2006, incorporated large parts of the earlier non-binding Recommendation on Trademark Licensing.

Alternatively, the practical structure of the soft law mechanism might cause it to possess more enduring force than would first appear. The soft law character of the UDRP, for example, is arguably belied by the minuscule number of cases in which the losing party has had recourse to national courts. This pre-eminence of the

cases); compare Holger P Hestermeyer, 'The Invalidity of ICANN's UDRP Under National Law' (2002) 3 *Minn Intell Prop Rev* 1 (suggesting that certain UDRP panel decisions may be vulnerable to attack under French and German law because of the failure of the contractual provision submitting disputes to the UDRP to conform with national consumer protection laws regulating such contractual provisions).

⁷⁹ See Well-Known Marks Joint Recommendation, note 67 above, 3 (providing that a losing respondent's filing a complaint with a court of mutual jurisdiction within ten business days of the panel's decision will automatically stay the panel's order transferring or cancelling the contested domain name). Courts of mutual jurisdiction are determined when the trademark owner files a UDRP complaint. See, e.g. UDRP Rules, note 69 above, Rule 3(b)(xiii) (requiring that the complainant must agree to submit to jurisdiction of a court in at least one specified 'mutual jurisdiction' with respect to 'challenges to a decision... canceling or transferring the domain name'). The trademark owner must select the courts based either where the registrar that issued the domain name registration is located, or at the address of the domain-name holder as shown in the registrar's Whois data. See *ibid* at Rule 1.

⁸⁰ See Free Trade Agreement, 6 May 2003, US–Singapore, Art 16.2(b)(1) (providing that each party shall give effect to the Joint Recommendation on Well-Known Marks), available at <http://www.ustr.gov/Trade_Agreements/Bilateral/Singapore_FTA/Section_Index.html> (last visited 7 October 2004); compare Free Trade Agreement, 6 June 2003, US–Chile, Art 17.2(9) (recognizing the importance of the Joint Recommendation and undertaking to be guided by its principles), available at <http://www.ustr.gov/Trade_Agreements/Bilateral/Chile_FTA/Section_Index.html> (last visited 7 October 2004).

⁸¹ See Proposals for Further Harmonization of Formalities and Procedures in the Field of Marks, WIPO Doc. No. SCT/8/2, ¶1 (26 April 2002) (noting that the WIPO programme for 2002–2003 includes consideration by the Standing Committee on Trademarks of the incorporation of the three non-binding recommendations adopted from 1999–2001 in the framework of harmonization of trademark law), available at <http://www.wipo.int/edocs/mdocs/sct/en/sct_8/sct_8_2.pdf> (last visited 12 May 2007); Suggestions for the Further Development of International Trademark Law, WIPO Doc. No. SCT/8/3, ¶1 (26 April 2002), available at <http://www.wipo.int/edocs/mdocs/sct/en/sct_8/sct_8_3.pdf> (last visited 12 May 2007).

UDRP may, in part, be attributable to the advantages of UDRP proceedings in comparison to national litigation.⁸²

If soft law is so easily hardened, these new law-making processes deserve equal care and attention, notwithstanding the advantages that new and faster law-making processes offer.⁸³ As the Argentinian delegation stressed in the 1999 WIPO Assembly meeting, circumspection is appropriate where there is 'creation of *de facto* norms without the permanent transparency of the negotiation and decision-making processes'.⁸⁴

C. The Climate for Law Making: Forum Shifting, Balance, Evidence, Process, and the Development Agenda

Substantive Impasse

To some extent, many of these changes could have been predicted in 1994 when the TRIPS Agreement was concluded and when the ambitious EU legislative (and member state expansion) agenda was apparent. As momentum toward internationalization of intellectual property law grew, it might not have been apparent, however, that this movement would still meet substantial resistance. The agenda built in to the TRIPS Agreement, particularly the negotiation of a multilateral register for the protection of geographical indications, review of provisions on the patentability of plants and animals other than micro-organisms, and the protection of plant varieties, has made little progress in the TRIPS Council.⁸⁵ On the copyright side, although the Internet Treaties

⁸² Empirical evidence of challenges in national courts is hard to gather because developing precise data would require coordination among the different registrars to ascertain the number of panel orders that have not been implemented because of the receipt of notice of a court action. One (extremely useful, but now out of date) database of national court challenges to UDRP rulings lists only 51 cases (including a mere 3 non-US cases) out of the first 4,800 UDRP panel decisions. See The UDRP—Court Challenge Database, at <<http://www.udrplaw.net/UDRPAppeals.htm>>. This small number is consistent with anecdotal evidence, although some decisions (of US courts in particular) have been handed down. See *Sallen v Corinthians*, note 78 above (reversing the dismissal of an action under US law by a US domain-name registrant against a Brazilian trademark owner seeking to override a UDRP panel decision in favor of the trademark owner); *Barcelona.com, Inc v Excelentísimo Ayuntamiento de Barcelona*, 330 F3d 611 (4th Cir 2003) (dispute between a Spanish trademark owner and the domain-name registrant from whom a UDRP panel had previously ordered transfer of the registration in question).

⁸³ See Helfer and Dinwoodie, note 71 above, 245–48 (discussing pace of law making through interpretation of the UDRP).

⁸⁴ 'General Report of the Assemblies of the Member States of WIPO,' 34th Annual Meeting, Doc A/34/16, ¶178 (September 1999), available at <<http://wipo.int>>.

⁸⁵ See Paul Vandoren, 'The Implementation of the TRIPS Agreement' (1999) 2 *J World Intell Prop L* 25.

C. The Climate for Law Making

were concluded in 1996, the Database Treaty that was also scheduled for discussion at the Geneva Diplomatic Conference has been shelved.⁸⁶ The 2000 Diplomatic Conference on an audiovisual performers' treaty collapsed without agreement.⁸⁷ And, important issues relevant to copyright in the digital era (for example, service provider liability) have been dealt with by intergovernmental organizations only in the context of informational workshops. Similarly, negotiations on a version of the draft Hague Agreement on Jurisdiction and Recognition of Judgments that broadly encompassed intellectual property reached an impasse in 2001, with intellectual property proving to be a principal sticking point. The prospects for new subject-specific treaties, let alone a broad-based TRIPS II, seem dim.

Yet, reaching this impasse has taken substantial work on all sides. As noted above, intellectual property owners have continued to push an ambitious agenda for international law making and have done so on a range of issues where widespread international experience (let alone international consensus) has been lacking. For example, although developing countries are only now establishing the patent regimes required by TRIPS (because of transitional provisions that postponed implementation dates), the WIPO Standing Committee on Patents (SCP) has been considering further harmonization of substantive patent standards.⁸⁸

To some extent, the advocacy of greater internationalization of intellectual property can generally be explained by the reasons discussed above in the copyright context. But institutional competition may also partially explain the phenomenon. The decision to deploy trade mechanisms was in part a reflection of 15 years of little perceived progress at WIPO (at least as viewed by the developed world and by the United States in particular).⁸⁹ But the sudden emergence of the WTO as part of the international intellectual property law-making process seemed to energize WIPO, resulting in the conclusion of several new treaties in

⁸⁶ WIPO Copyright Treaty, and WIPO Performances and Phonograms Treaty, both at note 52 above.

⁸⁷ See, e.g. 'WIPO Members Fail to Agree on Performers' Rights for Audiovisual Treaty' (2001) 61 *Pat Trademark & Copyright J* (BNA) 231.

⁸⁸ See Chapter 13 below (Rochelle C Dreyfuss and Jerome H Reichman).

⁸⁹ See Susan K Sell, 'Intellectual Property Protection and Antitrust in the Developing World: Crisis, Coercion and Choice' (1995) 49 *Int Orgs* 315, 321; Peter Drahos, 'Global Property Rights in Information: The Story of TRIPs at the GATT' (1995) 13 *Prometheus* 6, 9.

copyright,⁹⁰ patent,⁹¹ and trademark law⁹² and the promulgation of non-binding recommendations.

Despite all this activity, however, with the exception of the Internet Treaties, the only formal treaties concluded at WIPO have been primarily procedural: the Patent Law Treaty, the Revised Trademark Law Treaty and a revised Hague Designs Convention. Thus, despite the efforts of intellectual property owners, and despite the incentive for WIPO to reassert its primacy in a trade-structured system of international intellectual property law, WIPO has not been much more successful than the WTO in turning the pressure for greater internationalization into new substantive treaties.

Multiplication of Fora

There are several causes for this impasse and each highlights an important aspect of the current law-making climate. Those opposed to further internationalization (or further international enhancement of intellectual property rights, at least) mimicked the strategy adopted by the developed world in 1986 and have engaged in what some have called forum shifting.⁹³ This has involved raising issues of intellectual property in a number of international fora other than the WTO or WIPO, many of which were more philosophically or structurally sympathetic to the cause of developing countries. These initiatives seek not only to enrich (and complicate) the debate in ways that decelerate the law-making process, but also in the long term to generate rival norms that will compete in the international arena with any norms emanating from international institutions more supportive of intellectual property interests.⁹⁴ Thus, at the multilateral level, we have seen numerous policy making initiatives in an

⁹⁰ See WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty, both at note 52 above.

⁹¹ See Patent Law Treaty, 2 June 2000, 39 ILM 1047.

⁹² See Trademark Law Treaty (27 October 1994) WIPO Doc No WO027EN, available at <http://www.wipo.int/clea/docs_new/en/wo/wo027en.html> (accessed 12 May 2007).

⁹³ See Laurence R Helfer, 'Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking' (2004) 29 *Yale J Int'l L* 1 (discussing 'regime shifting'); John Braithwaite and Peter Drahos, *Global Business Regulation* (Cambridge University Press, 2000), 564 (suggesting different forms of 'forum shifting'); Chapter 11 below (Peter Drahos).

⁹⁴ This proliferation of political institutions raises hard questions. Is there to be a normative reconstruction of the system away from 'intellectual property organizations', or will the more complex debate still operate entirely within the rubric of the existing system? More strategically for developing countries, while forum shifting has proven to be a very good strategy for the blocking of further international agreement, it may cause too much of a cacophony when pursuing a positive international agenda, such as mandatory users' rights. See below. Moreover, forum shifting worked for the developed world in 1994 because there was a package trade deal to be concluded. Is the developing world ready to trade away user rights in one field for enhanced intellectual property protection in others, and what will that do to the existing coalitions?

increased number of international fora (some of which had not previously addressed intellectual property law).⁹⁵

Users' Rights and 'Balance'

As an inevitable part of generating counter-norms, the international intellectual property system is beginning to grapple with the idea of internationally mandated ceilings on protection to accompany the floors that have been established over the past century. These ceilings, which might be called 'users' rights' or 'substantive maxima', are, conceptually, not well fleshed out at present.⁹⁶ But user groups and developing countries have come to accept that the ultimate substantive outcome of international negotiations will be closer to that which they desire (typically, national autonomy to maintain lower levels of protection) if their agenda assumes a positive form.⁹⁷ The development of such users' rights is an important part of the political movement which, though it adopts many names, might best be labelled as the 'Access to Knowledge' or 'A2K' movement.

The Development Agenda advanced in a number of more formal institutional settings by a group of developing countries self-styled as Friends of Development is the institutional cousin of A2K. WIPO has acknowledged the importance of the Development Agenda by creating a Provisional Committee (the PCDA) to consider more concretely what shape a development component of WIPO's work would take. Although developing countries have been gratified by an institutional focus on development, they have been careful to ensure that the creation of the PCDA does not prevent the discussion of so-called

⁹⁵ The multiplication of fora has extended to the judicial, as well as treaty making, arena. See *Anheuser-Busch, Inc v Portugal*, Application No 73049/01, (Judgment of Grand Chamber, ECtHR, 11 January 2007) (holding that trademark applications were protected 'property' within the meaning of the European Convention on Human Rights).

⁹⁶ See Dinwoodie and Dreyfuss, 'Patenting Science', note 62 above.

⁹⁷ Of course, we should not expect these changes, the international adoption of substantive rights, to ensure ideal substantive balance. If one were to devise the ideal first phase of substantive maxima or users' rights, it might be appropriate that the binding scope of such instruments be limited. As with efforts to develop substantive minima in the late nineteenth century, lasting results might best be achieved by securing widespread agreement on the basic concept, and then building on that over time. Moreover, there is a tension between mandating extensive users' rights and respecting the value of national autonomy, one aspect of balance that distinguishes national from international policy making. Member states should, at some level, be permitted room for choice as to the exceptions they wish, and as to the form of implementation. There may need to be a users' rights parallel to Art 1(1) of TRIPS. See Dinwoodie and Dreyfuss, note 62 above. Of course, one can minimize this tension by viewing national autonomy in terms broader than simply being free from formal constraints on national law making. Instead, if national autonomy possessed a more affirmative resonance, we might understand the term to mean the capacity of a nation state effectively to achieve its potential unimpeded by international constraints.

development agenda issues in other contexts, highlighting that the Development Agenda has strategic as well as substantive objectives.

The debate about substantive maxima, or users' rights, is part of a broader debate regarding the concept of 'balance' that has routinely been invoked in domestic intellectual property law making and is now become a nominal touchstone (or rhetorical ploy) in international intellectual property policy discussions.⁹⁸ Thus, domestic policy makers have sought to accord sufficiently generous rights to achieve the social goals that underlie the grant of protection without conferring so much exclusivity that we in fact impede the pursuit of those very social objectives. Courts frequently claim to be guided by the same concern of balance in interpreting ambiguous or open-ended provision.

Even at the domestic level, the assessment of 'balance' operates almost as a Rorschach test. The balance (let alone the oft-cited 'delicate balance') that intellectual property strives to achieve is a rather protean concept. Yet, it is now increasingly common to hear international instruments decried or celebrated depending upon their concern for balance. Every side claims the mantle of balance. For critics of enhanced international protection of intellectual property, this is an attractive rhetorical tool because, unlike domestic political processes, the classical international intellectual property system did not purport to establish a particular substantive balance. Thus, most international treaties established floors below which protection could not fall, but imposed no ceilings on protection. For critics, this was incontrovertible proof that the classical international system produced unbalanced intellectual property policy, which the contemporary regime must correct.⁹⁹

Of course, this assessment somewhat ignored the more complex balancing that the classical international system was pursuing, including the balance of national with international regulation.¹⁰⁰ Also, the classical system typically gave great weight to national autonomy, establishing only loose parameters within which national political processes could strike a substantive balance appropriate to the circumstances of each domestic order.¹⁰¹ Yet, as the realities of national political economies and the pressures created by bilateral trade agreements began to produce national laws that increasingly favoured intellectual property interests, critics have sought to inject discussion of substantive balance into the international debate.

⁹⁸ I discuss the complexities of 'balance' in greater length in Dinwoodie, 'The WIPO Copyright Treaty', note 42 above.

⁹⁹ See *ibid.*

¹⁰⁰ See *ibid.*

¹⁰¹ See *ibid.*

This enrichment of the debate is surely appropriate given the enhanced role of international norms in framing national laws, the feedback loop between national and international law making, the bilateral trade pressures that seek to exploit the path-dependent character of an international system that only imposes floors, and the different historical conditions to which the classical and contemporary system are each responding. However, it must also be recognized that the balancing performed in the international system has always been more complex than in the domestic environment and has become more so in recent years. TRIPS, for example, added new vectors of balance, such as that between ideal rules of intellectual property and other gains that developing countries might wish to pursue in trade negotiations, for example market access or technology transfer.¹⁰² Moreover, just as the classical balance between national autonomy and universal standards may need revision in the light of digital technologies, so too the substantive balance of rights might need to be altered as the mix of legal rights and effective enforcement generates new practical levels of exclusivity.¹⁰³

Evidence-Based Law Making

In addition to the development of rival substantive norms to ensure substantive balance, critics of further international intellectual property law making have deployed a number of arguments directed towards international process or the structure of international law making. The most common such refrain is that an international solution is premature, or that there is no evidence on the national level that would suggest an ideal international norm. Evidence-based intellectual property law making has become a drag on what many intellectual property owners would seek to achieve.

The call for evidence and experimentation clearly echo an essential feature of the classical system. Rochelle Dreyfuss, writing about ambitious patent law harmonization,¹⁰⁴ has helpfully characterized the alternative approach of extensive international standards as ‘trickle down’, in that new approaches to problems would have to be devised first at the international level and then implemented by states.¹⁰⁵ Such experimentation will inevitably lack the comparative and

¹⁰² See *ibid.*

¹⁰³ In quite which direction adjustment would be made is an open question: digital technology may make works more vulnerable to appropriation, but it might also allow copyright owners to capture greater rents through the application of technological protection measures. See note 166 below (discussing Copyright Directive provision on levies and digital rights management).

¹⁰⁴ See also Chapter 13 below.

¹⁰⁵ See Rochelle C Dreyfuss, ‘Creative Law Making: A Comment on Lionel Bently, Trade Development and Multiple Layers of Lawmaking: Copyright, Translations and Relations Between

context-specific character of the historical lessons of which the classical system made good use. Instead, Dreyfuss argues that Professor Reichman's call for a moratorium on further public international law making might make sense: 'a trickle up approach, one that internationalizes law only after disparate regimes have had time to operate, is a better way to develop a jurisprudence that meets emerging needs'.¹⁰⁶ While this observation holds true as a general matter, the classical model might still need at least two modifications to meet contemporary demands while holding true to the merits of national autonomy and experimentations: there may be a greater need to internationalize quickly today than was the case in the late nineteenth century; and if the concept of users' rights gains a foothold, international law making may be important to constrain expansions in rights under national laws.¹⁰⁷

Like the rhetoric of balance, the call for evidence-based law making at the international level mirrors long-standing debates at the domestic level.¹⁰⁸ Indeed, there has been a resurgence in calls for empirical evidence as a prerequisite to new rights at the national level too.¹⁰⁹ And, the European Union has pioneered the development of empirical studies assessing the effect of new rights with the introduction into many directives of requirements that the Commission produce a report on the operation of a new law five years after implementation.¹¹⁰ (Of course, in the European Union, these reports have typically, with some exceptions,¹¹¹ been commissioned after the introduction of new rights, and

Britain and India 1880–1914' (forthcoming, 2007) 82 *Chi-Kent LR*. This is a somewhat different and more limited form of experimentation. It replicates to some extent how the European Union has merged a desire for empirically sound laws with its impetus to harmonize. Thus, in its initial copyright directives, the EU adopted a harmonized solution and has required the Commission to produce a study after five years analysing the success of the harmonization instrument. Putting aside the much less varied experiments that this allows, the experience of the Database review casts some doubt about the value that the Commission will attach to negative reviews of the harmonization exercise. Institutional economics suggests that it will be hard to undo the harmonization.

¹⁰⁶ Ibid.

¹⁰⁷ See Dinwoodie, 'The WIPO Copyright Treaty', note 42 above (noting tension between users' rights and national autonomy).

¹⁰⁸ See Robert W Kastenmeier and Michael J Remington, 'The Semiconductor Chip Protection Act of 1984: A Swamp or Firm Ground?' (1985) 70 *Minn LR* 417.

¹⁰⁹ See 'Gowers Review of Intellectual Property' (5 December 2006), available at <http://www.hm-treasury.gov.uk/media/583/91/pbr06_gowers_report_755.pdf>; see also Chapter 1 above (Daniel J Gervais).

¹¹⁰ See, for example, Institute for Information Law, *Recasting of Copyright & Related Rights for the Knowledge Economy* (2007) (report on the Copyright Directive), available at <http://www.ivir.nl/publications/other/IViR_Recast_Final_Report_2006.pdf>.

¹¹¹ The exceptions have tended to be where some policy makers proposed constricting rights, such as studies on whether to move from EU to international exhaustion. Advocates of users' rights should thus be aware of the capacity of calls for evidence-based law making to preserve the status quo.

the appetite for repeal of rights is often non-existent even after reports sceptical of the economic benefits of the new rights.)¹¹²

Again, the call for evidence mirrors a mindset that operated under the classical international system. It too is emblematic of a different approach to international law, and thus, its persuasiveness is affected, on a case-by-case basis, by some of the arguments above regarding the need for speedier and more extensive international solutions in an era of global trade and porous borders. It surely would have been a persuasive argument that, in the classical era, counselled caution that a proposed international agreement would require changes to 169 different laws of a signatory party, as critics of a recent US–Korea trade agreement charged of one draft of that agreement.¹¹³

By the same token, the rhetorical assertion by critics that the free trade agreement would ‘violate 169 Korean laws’ suggests a commitment to nationalism at odds even with the classical era’s lax approach to enforcement of international law. Instead, what that rhetoric reflects is the imbalance in the extent of obligations being undertaken in international agreements. At the point in time when the Korean delegation had agreed to change 169 laws, the United States had not made any concessions requiring amendment of its laws. Thus, although critics of contemporary international law making may adopt some of the language of the classical system, they are also effectively seeking to broaden that debate by reference to the substance of the commitments undertaken and not merely the process-type questions of national autonomy, or evidence-based law making.¹¹⁴

Process Critiques

Process-based critiques of the international intellectual property political system have also become a dominant refrain in recent debates. For example, critics of the recent webcasting treaty proposal complained that there was law making taking place in Geneva by ‘unelected officials’ without a proper airing domestically first. To some extent, the process-based critiques of the international intellectual property system are critiques of the system of international law in general: a lack of accountability, democracy deficit, lack of transparency, and ‘one size fits all’.

Thus, one could simply subsume debate about these issues within the broader ongoing discussion about the contemporary system of international law. But

¹¹² See Commission of the European Communities, ‘First Evaluation of Directive 96/9/EC on the legal Protection of Databases’ (Brussels, December 2005), available at: <http://ec.europa.eu/internal_market/copyright/docs/databases/evaluation_report_en.pdf>.

¹¹³ See ‘SK–US Free Trade Deal Would Violate 169 Korean Laws: Critics,’ *The Hankyoreh*, 17 January 2007, at <http://www.bilaterals.org/article.php3?id_article=6933>.

¹¹⁴ See note 97 above (suggesting a recasting of ‘national autonomy’).

reforms at both the national and international level can help to preserve the flexibilities that enabled countries to adopt balanced intellectual property laws under the classical system. Rochelle Dreyfuss and I have suggested, for example, formalizing and institutionalizing values of transparency and inclusiveness by requiring APA-like notice and comment procedures prior to the adoption of bilateral trade agreements; these bilateral agreements are currently operating as the primary brake on the exercise of the flexibilities that remain in the multilateral system.¹¹⁵

The Role of NGOs

There has been exponential growth in the number of non-governmental organizations who are working on issues of international intellectual property. This can be explained, in part, by a number of developments, including the use of the internet to develop cross-border advocacy, which are by no means specific to intellectual property. But this is also, in part, a function of increased awareness (and funding) that has come from the global expansion of the discipline.

The increase in NGO activity on all sides raises a number of problems. While it has surely enhanced the range of views that contribute to the global debate, it has added to the problems of cacophony. And, NGOs suffer from many of the same process problems (lack of accountability, representativeness deficits, cultural imperialism, and 'one size fits all') that NGOs highlight when states act internationally contrary to the positions advocated by NGOs. Indeed, at least states acting internationally are typically accountable at some level of remove from the decision in question; that cannot even be said of NGOs.

To be sure, NGOs do not possess the power to bind countries and thus we might not wish to hold them to the same standards as nation states. However, it does, at least, make them somewhat unsteady bearers of the banner for process or institutional reform. Indeed, typically, NGOs are not animated by process concerns, but rather by substantive social goals. Few activist groups clamour under the banner of national autonomy, transparency or accountability. NGOs use all these arguments, of course, but only to serve their particular substantive goals.

¹¹⁵ See Chapter 4 below (Anselm Kamperman Sanders).



Part III Private Litigation and Private Ordering

The broader process of harmonization, which some of the developments discussed above exemplify, presents many challenges.¹¹⁶ To the extent that these different law-making forces are causing a convergence around common rules of intellectual property, however, one might suggest that a more intrusive substantive international intellectual property law is growing through public law mechanisms.¹¹⁷ Yet rules of similarly *de facto* global reach may be occurring in private litigation and through private ordering. The universalizing effects of each of these law-making forces—not considered part of the classical public international intellectual property system—offer similar benefits, but may implicate similar concerns, as the results achieved through the public international law-making process. Typically, however, they receive relatively little scrutiny.

A. Private Litigation

Ad Hoc Development of Private International Law

The panel decisions issued under the UDRP by ICANN-authorized dispute-settlement providers, previously discussed, have clearly established international norms on the practice of cybersquatting.¹¹⁸ Likewise, any efforts by national courts to adjudicate domain-name disputes clearly have an effect beyond national borders; domain-name/trademark rules in the generic top-level domains are truly non-national.¹¹⁹ Or, stated less tendentiously, such decisions by national courts may have substantial effects in a number of countries. The only means by which this proposition could be altered radically might be through relief mandating the deployment of measures that effect virtual territorialization.¹²⁰

¹¹⁶ See Graeme B Dinwoodie, 'The Integration of International and Domestic Intellectual Property Lawmaking' (2000) 23 *Colom-VLA JL & Arts* 307, 310 (discussing EU harmonization of intellectual property laws).

¹¹⁷ See Ginsburg, note 16 above.

¹¹⁸ See text accompanying note 71 above.

¹¹⁹ See, e.g. *Sallen v Corinthians*, note 78 above (action by US domain-name registrant to recover registration from Brazilian trademark owner without equivalent US trademark registration); *Heathmount AE Corp v Technodome.com*, 2000 WL 33666935, 60 USPQ2d 218 (ED Va 2000) (applying US law to dispute between Canadian parties because domain name registered with registrar located in the United States).

¹²⁰ See 'Geography and the Net: Putting It in Its Place' (11 August 2001) *Economist*, 18–20.



There are many other (apparently more traditional) contexts in which national courts are beginning to tackle cases with broader international ramifications and thus contribute to the effective creation of international rules. This has occurred most perceptibly, and most readily, in the copyright context. Several courts in the United States, with the encouragement of the Second Circuit,¹²¹ one of the leading appellate courts in copyright matters, have permitted plaintiffs to pursue actions alleging claims under several disparate foreign copyright laws;¹²² courts are more consciously separating jurisdiction to adjudicate from questions of applicable law. There is also growing acceptance throughout the United States of a doctrinal device, first used by the Second Circuit, whereby relief will be granted in respect of both domestic and overseas acts of infringement where a predicate act of infringement occurred within the United States and enables further reproduction abroad.¹²³ In both these ways, US courts have provided multinational relief and, in the latter case, have effectively applied a single rule to international conduct.¹²⁴ (Even copyright courts that forswear

¹²¹ See *Boosey & Hawkes Music Publishers, Ltd v Walt Disney Co*, 145 F3d 481, 484 (2d Cir 1998) (reversing district court's dismissal of claims under foreign copyright laws on *forum non conveniens* grounds).

¹²² See, e.g. *Carell v Shubert Org, Inc*, 104 F Supp 2d 236, 257–59 (SDNY 2000) (permitting claims based on foreign copyright laws to proceed notwithstanding the plaintiff's failure to specify in her complaint the particular countries under whose laws the claims were made); *Armstrong v Virgin Records, Ltd*, 91 F Supp 2d 628, 637–38 (SDNY 2000) (entertaining claims based on unspecified foreign copyright laws on the basis of diversity jurisdiction and pendent jurisdiction); *Frink Am, Inc v Champion Road Mach, Ltd*, 961 F Supp 398, 404–05 (NDNY 1997) (declining to dismiss claim under Canadian copyright law). But see *ITSI*, note 29 above (refusing motion to amend complaint to assert claim under Mexican copyright law).

¹²³ See *Los Angeles News Serv v Reuters TV Int'l, Ltd*, 149 F3d 987 (9th Cir 1998), later proceeding, 340 F3d 926 (9th Cir 2003); see also *Peter Rosenbaum Photography v Otto Doosan Mail Order*, 76 USPQ2d 1759 (ND Ill 2005). The device had long been accepted by the Second Circuit. See *Sheldon v Metro-Goldwyn Pictures*, note 22 above, 52. But the Ninth Circuit had previously expressed some doubt regarding the rule. See *Subafilms*, note 33 above, 1094.

¹²⁴ Although courts applying this theory have applied a single law to the multinational event, it is not inevitable that courts seeking to provide relief for multinational infringement in a single proceeding must apply a single law. Courts could assume jurisdiction over all the related claims but apply different national laws to the different heads of conduct occurring in different jurisdictions, determining liability on a country-by-country basis. See Austin, note 44 above, 130–31. Indeed, the new willingness of courts to assume jurisdiction over claims of infringement of foreign copyright law makes this a more plausible alternative. See text accompanying notes 69–74 above. For reasons I have explained at length elsewhere (Dinwoodie, 'A New Copyright Order', note 12 above, 542–79) I favour the application of a single substantive rule (but not necessarily one found in the domestic law of a single nation state, let alone one determined using the vagaries of the predicate act or root copy theory) to copyright disputes that are inherently international. Moreover, in the context of online posting of allegedly infringing material, this possibility of applying different laws on the question of liability is very difficult in practical terms. And, although one could award damages in respect only of countries where posting would amount to infringement, injunctive relief is more difficult to fashion absent a willingness to issue orders regulating the nature of online use or imposing technologically-grounded obligations. See note 126 below (discussing Yahoo! litigation).



A. Private Litigation

the extraterritorial application of the copyright statute may to some extent be regulating globally when they apply choice of law rules that easily localize any internet conduct in the United States.)¹²⁵

These trends are less evident in patent and trademark cases, where the classical role of national courts has remained more constant. Yet even here, some US courts have been willing to become embroiled in multinational disputes and apply what in practice is a rule of much more than national scope.¹²⁶ Whereas copyright law has formally adhered to a rule proscribing extraterritorial application,¹²⁷ US courts have been less restrained in applying the Lanham Act to conduct with a much more tenuous US connection,¹²⁸ other than some of the parties involved.¹²⁹ And the enactment of the Anti-Cybersquatting Consumer Protection Act in 1999 has occasioned even more intrusive US judicial regulation of international domain-name space, particularly (though not exclusively) through the capacious *in rem* cause of action granted to trademark owners who cannot obtain jurisdiction *in personam* over a domain-name registrant.¹³⁰ In the patent context, the

¹²⁵ See Dinwoodie, 'A New Copyright Order', note 12 above, 537 (discussing the ease with which internet copyright-infringing conduct can be localized in the United States).

¹²⁶ Some courts, however, have sought to be careful in fashioning relief in ways that respect the foreign interests in the dispute before them. See, e.g. *Playboy v Chuckleberry*, note 33 above; *Sterling Drug v Bayer*, note 33 above. Although the use of injunctive relief tailored to accommodate competing interests occurs more frequently (and thus, perhaps, more easily) in trademark cases (see 'Joint Resolution Concerning the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet', note 68 above (suggesting the remedies to be afforded successful plaintiffs in online trademark disputes)) it is also possible in copyright cases. See Dinwoodie, 'A New Copyright Order', note 12 above, 558–69 (applying substantive law method to choice of law dilemma in international copyright disputes). This makes somewhat surprising the response of US courts and (most) US commentators (in a non-intellectual property context) to the efforts of the French judge in the well-publicized *Yahoo!* litigation to find a solution that took account of the values of different affected nation states. See *Yahoo! Inc v Le Ligue Contre Le Racism et L'Antisémitisme*, 145 F Supp 2d 1168 (ND Cal 2001), rev'd, 433 F3d 1199 (9th Cir 2006).

¹²⁷ See *Subafilms*, note 33 above.

¹²⁸ Lanham (Trademark) Act 1946—Title 15 of the US Code. See *Nintendo of Am, Inc v Aeropower Co*, 34 F3d 246, 249 n5 (4th Cir 1994).

¹²⁹ See, e.g. *Ocean Garden, Inc v Marktrade Co*, 953 F2d 500 (9th Cir 1991).

¹³⁰ Anti-Cybersquatting Consumer Protection Act, Pub L No 106–113, 113 Stat 1501A–545 (codified as 15 USC § 1125(d)(2)); see also *Heathmount v Technodome*, note 119 above (exercising *in rem* jurisdiction over a domain name registered with a registrar located in the United States in a dispute between Canadian parties); *Globalsantafe Corp v Globalsantafe.com*, 250 F Supp2d 610 (ED Va 2003); *America Online Inc v AOL.org*, 259 F Supp2d 449 (ED Va 2003). More all-encompassing US regulation of the domain-name space in the long term might occur through the operation of a complementary, but largely unheralded, provision also introduced by the Anti-Cybersquatting Consumer Protection Act, even if this provision has been surprisingly under-used to date. This provision, codified as §32(2)(D)(v) of the Lanham Act, permits domain-name owners aggrieved at the loss of a UDRP proceeding, and hence of their domain-name registration, to bring a claim in US federal court seeking (i) a declaration that their domain-name registration does not violate the Lanham Act, and (ii) an order returning the domain-name registration. The Court of Appeals for the First Circuit, in the first appellate consideration of this provision, read §32(2)(D)(v) to offer 'disappointed



Court of Appeals for the Federal Circuit has just issued an opinion narrowly interpreting the jurisdiction of US courts to adjudicate foreign patent claims along with their US counterpart patents in US courts, as Japanese and German courts have done. But that opinion did so over a vigorous dissent by Judge Newman.¹³¹ Similarly, although the US Supreme Court recently narrowed the broad extraterritorial scope given by the Federal Circuit to the provisions of the US patent statute consciously aimed at effecting some external regulation, judicial interpretation of other terms of the patent statute in a transborder context has effectively resulted in the application of US patent law to activities legally occurring abroad.¹³² As a practical matter, these new private law developments occurring in national courts increasingly may come to comprise and generate the content of international intellectual property law.

Moreover, courts have expressed some interest in the dynamic between public international intellectual property standards and the role of national courts. One court has found that a plaintiff could, through the vehicle of section 44(b) of the Lanham Act, advance a claim based upon violation of standards found in the

[UDRP] participants with a chance to have any unfavorable UDRP decision reviewed in a US court.' *Sallen v Corinthians*, note 78 above, 28 (emphasis in original). A textual analysis of §32(2)(D)(v) suggests that the US court's determination of non-infringement (and hence of the ownership of the domain-name registration) would turn on the application of US law. And, under a traditional view of US trademark principles, the ability of the successful UDRP trademark complainant to resist a §32(2)(D)(v) claim by the domain-name registrant would appear to rest upon the trademark owner possessing US rights. I am unaware of any similar provision in other countries that might redress this elevation of US courts and US rights. In any event, the number of 'appeals' of UDRP decisions filed in the US courts (see note 82 above) suggests that US law may come essentially to apply to most domain name disputes because of broader social and economic forces. See also Dinwoodie, 'A New Copyright Order', note 12 above, 577–79 (discussing copyright law).

¹³¹ See *Voda v Cordis Corp*, 476 F3d 887 (Fed Cir 2007) (Newman J, dissenting); see also *KK Coral Corp v Marine Bio KK*, Case No 1943(wa)/2002 (Tokyo District Court, 16 October 2003); see also Nahoko Ono, 'Cross-Border Patent Infringement: The *Coral Powder* Case, Where a Japanese Court Applies US Law' (July, 2005), Report Prepared for Annual Meeting of ATRIP (Montreal); *Hitachi v Seji Yonezawa*, Case No H16 (ju) 781, Supreme Court of Japan (17 October 2006), reported at WIPO Intellectual Property Report 10–11 (December 2006) (interpreting the statutory right of employee-inventors to receive reasonable compensation for the transfer of rights as permitting account to be taken of the profits that the employer derived from foreign patents). The capacity of German courts to continue this practice may have been adversely affected by a recent ruling of the European Court of Justice regarding the interpretation of the Brussels Regulation. See Case C–4/03, *Gesellschaft für Antriebstechnik mbH & Co KG (GAT) v Lamell und Kupplungsbau (LUK)*, 37 IIC 742 (2006) (ECJ 13 July 2006); *Roche Nederland BV*, 37 IIC 865 (2006) (ECJ 13 July 2006); see generally Annette Kur, 'A Farewell to Cross-border Injunctions? The ECJ decisions *GAT/LuK and Roche Nederland BV/Primus and Goldberg v Primus*' (2006) C–593/03, 37 I.I.C. 844.

¹³² See *NTP Inc v Research in Motion, Ltd*, 418 F3d 1282 (Fed Cir 2005), replacing 392 F3d 1336 (2004); *Microsoft Corp v AT & T Corp*, 127 S. Ct 1746 (2007), reversing, *AT & T Corp v Microsoft Corp*, 414 F3d 1366 (Fed Cir 2005); see generally Graeme B Dinwoodie, 'Developing a Private International Law of Intellectual Property' (forthcoming).



A. Private Litigation

Paris Convention rather than being limited to the causes of action expressly delineated in the Lanham Act.¹³³ The development and content of public international intellectual property law has also informed judicial analysis of *forum non conveniens* issues in several international copyright and trademark cases.¹³⁴

Scholars have also suggested that the choice of law methodologies that US courts have developed in copyright cases, acting free of the constraints of treaty provisions regarding choice of law, might include reference to substantive public international copyright law. I refer here, not only to my own proposal that well-established international principles contribute to the identification of a substantive governing rule in international copyright cases, but also to suggestions previously made by Jane Ginsburg that provisions in international copyright treaties might serve as a baseline standard to ensure that the foreign law a national court applies complies with international minimum standards. In this fashion, Professor Ginsburg would ensure that the country whose law was applied does not act as a haven for copyright infringers.¹³⁵

In each of these contexts, one finds an echo of the tension underlying the public law debate in the 1880s: the contest remains one that pits notions of universality against those of national autonomy. This is seen in the public international context proper, as might be expected, but also in the development of

¹³³ See *Gen Motors Corp v Lopez*, 948 F Supp 684 (ED Mich 1996). The majority of cases have read US law less expansively. See *Mattel, Inc v MCA Records, Inc*, 296 F3d 894, 907–08 (9th Cir 2002) (limiting benefits of §44 to the right of national treatment); *Int'l Cafe, SAL v Hard Rock Cafe Int'l (USA), Inc*, 252 F3d 1274, 1277–78 (11th Cir 2001) (same).

¹³⁴ See *Murray v British Broadcasting Corp*, 81 F3d 287, 290–91 (2d Cir 1996) (analysing the national treatment obligation in international copyright law); *Creative Tech, Ltd v Aztech Sys, Ltd*, 61 F3d 696, 700–01 (9th Cir 1995) (giving weight to the principles of national treatment and territoriality); *ibid*, 706 (Ferguson J, dissenting) (same); see also *Heathmount*, note 119 above (considering the nature of ICANN proceedings); see also *Subafilms*, note 33 above, 109–98 (taking into account recent developments in international copyright law in determining the territorial scope of the copyright statute). The dynamic between public and private international law is complex. A British court recently invoked the public international process of intellectual property harmonization as support for revision of long-standing rules of private international law. See *Griggs Group v Evans*, 2005 Ch D 153 (HC 2004), later proceeding, 2005 FSR 31 (CA 2005) (UK). In contrast, the Canadian Supreme Court appears to see private international law as an interim solution pending public law harmonization. *Society of Composers, Authors & Music Publishers of Canada v Canadian Assn Of Internet Providers* ('Tariff 22'), 2004 SCC 45, 32 CPR (4th) 1 (SC 2004) (Canada). This disagreement reflects a philosophical debate that has been taking place for centuries within the field of private international law itself. See Arthur Taylor von Mehren, 'Special Substantive Rules for Multistate Problems: Their Role and Significance in Contemporary Choice of Law Methodology' (1974) 88 *Harv LR* 347 (discussing competing objectives of avoiding forum shopping and ensuring apt results).

¹³⁵ See Ginsburg, 'Private International Law Aspects', note 23 above; Jane C Ginsburg, 'Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted Through Digital Networks, 2000 Update' (2000) WIPO Doc No PIL/01/02, available at <<http://wipo.int>>.



rules that encourage national courts in private litigation to develop multinational solutions and to engage with public law standards. National courts, it may properly be said, now contribute to the development of international intellectual property law.

Systematic Approaches

Efforts to create a more systematic approach to transborder intellectual property disputes began in the 1990s with the draft Hague Convention, later built upon by the Dreyfuss–Ginsburg proposal. Strictly speaking, such treaties as were proposed might best be described as ‘public private international law’, to borrow Steve Burbank’s nomenclature.¹³⁶ These treaties would not directly have determined the appropriate rules of substantive international intellectual property law, but rather would have framed the manner in which we determine the appropriate rules.

The treaty route appears unlikely to succeed in the foreseeable future. But other efforts to develop a more systematic approach to these disputes remain active, most notably the ALI Project on the development of a set of Principles, and the ongoing work of the Max Planck Group on Conflicts of Laws in Intellectual Property (CLIP). At their most basic, these proposals address the practical problems of litigating national rights in an increasingly non-national world. More systemically, they would establish the basic conditions under which national courts would contribute to and develop a form of international intellectual property law. Thus, these proposals would instal the elemental architecture of this (nationally constructed) part of the international intellectual property system, with the precise design to be decided on an ongoing basis by national courts (checked by legislatures) operating within that structure.¹³⁷

But why should we expend any effort on developing these systems of private international intellectual property law? The development of substantive international rules, and the mediation of the competing values of national autonomy and universal rules, through national court jurisprudence may possess advantages over public law processes (whether classical or new). When compared with the traditional negotiation of treaties, national court development of ‘international law’ is more responsive to social conditions and hence more dynamic; and it is more

¹³⁶ See Stephen B Burbank, ‘Jurisdictional Equilibration, The Proposed Hague Convention, and Progress in National Law’ (2001) 49 *Am J Comp L* 203, 204.

¹³⁷ Obviously, if there is no single treaty establishing the system of transborder adjudication, no immediate ‘elemental architecture’ will arise. That would depend upon the extent of the adoption of the soft law principles by countries, and the extent of the reference to the ALI Principles by courts. See Dinwoodie, ‘Developing a Private International Law’, note 132 above.

A. *Private Litigation*

readily subject to refinement by a range of national political institutions. Moreover, the articulation of cross-border relief under a single rule by a national court, or (to use the language of my own earlier proposal) the development of a substantive rule of national law applicable to international cases, would not result in the premature entrenchment of such a rule as a higher norm of international law in the way that WTO dispute-settlement body rulings in practice might do. At bottom, national court decisions are local law that remains subject to national legislative reversal or modification. And, while courts would be expected to refer to other national court decisions (both domestic and foreign), they would also be formally free to depart from those decisions, retaining the value of national experimentation that is crucial to the classical model of international intellectual property law.¹³⁸

Moreover, this means of developing international intellectual property law is less subject to the political demands that historically have burdened the public international process and that continue to limit its efficacy. To the extent that agreement on substantive harmonized rules (especially forward-looking rules) is fast becoming impossible because of the number of interested parties with disparate agendas in the intellectual property law-making process, this alternative form of law making offers a greater prospect of progress. It is uncertain whether the systems of active national court involvement facilitated by the procedural mechanisms adopted by the ALI and under consideration elsewhere would produce rules more favourable to supporters or opponents of expansive intellectual property protection. But one value of these systems as law-making instruments may in fact lie in the common uncertainty as to the rules that they might produce. Negotiating for certainty, whether in substantive rules of intellectual property law or in the allocation of prescriptive authority between international and national law, has proven a difficult endeavour of late.

Critics of this purported procedural neutrality might argue that such systems embed quite partisan values, although broader systemic values than those underlying intellectual property policy alone. For example, almost every proposal would establish procedural rules that clearly contemplate the possibility of some degree of cross-border relief, of decisions that effect change beyond national borders, or of the universalization of certain values and rules. This critique is descriptively accurate, but unpersuasive as a rebuttal to the development of the systems proposed. Consider the alternative—and this is, I would suggest, a crucial perspective—of cross-border relief being developed on a purely ad hoc basis, in other words of a greater number of decisions by national courts that (without reasoned

¹³⁸ See Austin, note 44 above.

contemplation) affect conduct beyond their borders. Let us not be naive about the choice: there is no idealized, 'national' world of hermetically sealed borders within which national courts decide disputes without spillover effects. The choice is between two scenarios, both of which involve a departure from a theorized territorial model: (1) courts providing relief that extends their law beyond their borders, but doing so without considering explicitly the external effects of their application of local law or why to offer cross-border relief; and (2) the development of a system in which courts offer conscious explanations of why cross-border relief is appropriate and why the internal effects of one state outweigh the external effects on another. It is, in effect, the difference between a systematic and transparent development of these rules of international intellectual property law, bounded by outside parameters established (whether through treaty or less formal adoption) by nation states, and a spate of competing decisions with universal effects but unaccompanied by any effort at justifying or explaining the same.

Moreover, I am less troubled than others by the notion that we are moving in some respects toward a different balance of universal and national values—though the precise balance is a point of genuine debate. Proper respect for national values, especially as long as national political structures remain the primary voice for the expression of political viewpoints, is important. But the balance between national and non-national sources of affinity is shifting; legal institutions that reflect the impulses of the citizenry are more likely to endure than those which resist or counter those impulses.¹³⁹

B. Private Ordering

As the public international law-making process has reached impasse, other institutions have stepped forward. As noted above, national (especially US) courts have begun to offer interpretations of the scope of their national laws that can easily extend their local norms into international space, particularly in the

¹³⁹ See Dinwoodie, 'A New Copyright Order', note 12 above, 550–51. Having urged a realist perspective on those who find these proposals unsettlingly close to the imposition of global values, let me also suggest a reality check for those who seek to advance enlightened systems of so-called 'public private international law'. It may be some time before judges in national courts can function in ways that routinely defer to the application of foreign law. But there are signs of progress in judicial awareness of the experience and decisions of other national courts. The increased specialization of the intellectual property judiciary may assist in developing this common knowledge (see Dinwoodie, 'Developing a Private International Law', note 132 above), although specialized courts raise a number of other issues that might caution against too ready an embrace of that concept. See Rochelle C Dreyfuss, 'The Federal Circuit: A Case Study in Specialized Courts' (1989) 64 *NYULR* 1.

online context.¹⁴⁰ But when courts do so, at least nominally (if, to my mind, inadequately), they consider the international implications of their decisions under the rubric of private international law concerns of jurisdiction, applicable law, recognition of judgments, and comity.

Other institutions have, however, begun to articulate and *sub silentio* develop international copyright norms in ways that do not involve the conscious consideration of either the balance of copyright law or the additional concerns of international copyright law. The remainder of this chapter discusses two such examples, but first situates them within the broader context of private ordering and copyright law.

Private Ordering and Copyright Law

Any rule of copyright law must encourage an optimal supply of knowledge in a vast array of different social and economic settings: copyright law covers a wide range of different works created and used in many different industries. Inevitably, default rules of copyright law are a blunt (and, some would say, inefficient) instrument for achieving an optimal level of protection. By tailoring protection to particular settings and enabling price discrimination, private ordering might make the creation and distribution of knowledge more efficient.

Private ordering of the treatment of copyrighted works has occurred through the use of both contract and technology. In the online context, contractual ordering has primarily taken the form of click-wrap contracts. Technological measures take private ordering further. Like click-wrap contracts, DRMs enable price discrimination and tailored access rights. But, they also hold out the prospect of self-enforcement and there is not even the nominal involvement of the user in the negotiation of the terms of access.

Proponents of these forms of private ordering also claim efficiency gains that implicate international copyright principles. Online delivery of works is almost inevitably international in nature. Yet, the discordance between territorial copyright laws and the ubiquity of the internet presents immense problems of jurisdiction and applicable law which international copyright law has not yet resolved. As discussed in Section A of this Part, developing a system of conflict

¹⁴⁰ See Austin, note 44 above, 1183; Michael Geist, 'Cyberlaw 2.0' (2003) 44 *BCL Rev* 323, 323–358. The phenomenon is even more pronounced in trademark law. See, e.g. *Heathmount*, note 119 above (BNA); *Sallen v. Corinthians*, note 78 above; *Harrods Ltd v 60 Internet Domain Names*, 302 F3d 214 (4th Cir 2002); see generally Graeme B Dinwoodie, 'The Extended Reach of the ACPA: The Domination of Trademark Rights or the Domination of US Law' (24 April 2003) Paper Presented to Eleventh Annual Fordham Conference on International Intellectual Property Law and Policy, New York.

rules for copyright law is on the agenda of several institutions, but a solution has proved hard to find. In contrast, parties to a contract can agree to norms that are limited to a particular nation state, or detached from any nation state (e.g. the *lex mercatoria* applied by arbitrators in international commercial arbitration). Technology, likewise, can be programmed to permit access that corresponds to certain national norms, international norms or to no existing norms at all. Both contract and technology are seen, therefore, as instruments for avoiding not only the inefficiencies flowing from the bluntness of rules of copyright law, but also the uncertainties that impede the generation and distribution of knowledge in an international environment.

However, private ordering of the supply of knowledge through contract and technology has tended to result in a balance of rights and obligations more favourable to the content provider than would be the case under default rules of national copyright law. Thus, persons disadvantaged by this shift might be expected to argue for the overriding application of copyright norms, notwithstanding the efficiency benefits that are claimed for private ordering. Such arguments can be grounded either in substantive concerns regarding the appropriate balance of rights or in the uninclusive nature of the private 'law-making process'.¹⁴¹ Copyright law is devised through a democratic process. Notwithstanding public choice concerns that have made recent legislative activity unattractive to some scholars, that process confers a degree of legitimacy on the norms that are applied by courts. Private ordering lacks that form of legitimacy. Instead, proponents of private ordering rest their claim of legitimacy on its concordance with the parties' wishes and on the nominally limited reach of that ordering, namely, only as far as the parties to the transaction. Of course, in practice many parties to transactions are powerless to influence the terms of the deal. Moreover, such purportedly private activity (especially when replicated in the mass market) impinges directly and indirectly upon non-parties to the transaction (i.e. the public).

Private Ordering and the Creation of International Copyright Norms

Private ordering, therefore, clearly has costs and challenges to its displacement of copyright norms may yet succeed.¹⁴² But in other online intellectual property

¹⁴¹ This may, but need not, be entirely grounded in efficiency. It is an open question whether the efficiency gains of binding, technologically (largely) self-enforcing bargains outweighs the arguable efficiency costs of an unbalanced allocation of rights and privileges. But, even if there are efficiency gains, a variety of non-efficiency-grounded values might support trumping private ordering (e.g. free speech, encouragement of heterodoxy, etc.).

¹⁴² Challenges to private ordering that ousts copyright norms have, however, been unsuccessful, at least in the United States. The majority of challenges to click-wrap licenses (like challenges to

B. Private Ordering

contexts, private ordering has become the means of (at least, initially) overcoming the jurisdictional and enforcement issues presented by the ubiquity of the internet. Most notable in this regard is the UDRP, adopted by ICANN in late 1999, which has become the international standard for resolving cybersquatting disputes through a powerful cocktail of contract and technology. The UDRP shows that private actors may create ‘international law’ with virtually as much ease (and certainly as much effect) as nation states. The two examples discussed below suggest equivalent potential in copyright law.

Notice and Take-Down Procedures

The Digital Millennium Copyright Act 1998 (DMCA) introduced a set of provisions, now found in section 512 of the Copyright Act 1976, which created ‘safe harbours’ for internet service providers alleged to have contributed to copyright infringement by subscribers.¹⁴³ Among these safe harbours is one that enables an ISP to escape monetary relief for copyright infringement where it has hosted a subscriber’s website containing infringing material, provided that once the ISP receives a notice from a copyright owner reporting an alleged infringement it expeditiously takes down the infringing material and otherwise complies with the provisions of the notice and take-down procedure in section 512.

Copyright owners are not obliged to use the notice and take-down procedures to pursue infringers. If they so desire, copyright owners may simply bring an infringement action against the user (and, contributorily, the ISP) under traditional principles of liability (which were not altered by the DMCA). But, because the copyright owner may not know the user, and because the primary relief sought (the removal of the infringing material) can be achieved more cheaply and more quickly through the offices of the cooperating ISP than the offices of the courts, copyright owners have readily turned to the notice and take-down procedure.

shrink-wrap licenses previously) have failed, and the contractual terms have been allowed to prevail. See Mark A. Lemley, ‘Intellectual Property and Shrink-wrap Licenses’ (1996) 68 *S Cal LR* 1239, 1239–1240. There are exceptions, see. e.g. *Step-Saver Data v Wyse Tec*, 939 F2d 91 (3d Cir 1991), and recent case law is mixed, but the trend is still toward enforcement. See *Bowers v Baystate Technologies*, 230 F3d 1317 (Fed Cir 2003); *Specht v Netscape Comms*, 306F3d 14 (1st Cir 2001). Most successful challenges have been grounded in contract doctrine, rather than insisting on the supremacy of copyright norms. But see *Vault Corp v Quaid Software*, 847 F2d 255 (5th Cir 1988). Similarly, arguments that the norms of copyright law should be elevated over technological measures imposing restrictions inconsistent therewith have been rebuffed by the courts. See *Universal City Studios v Corley*, 273 F3d 419 (2d Cir 2001).

¹⁴³ Digital Millennium Copyright Act, Pub L No 105–304, 112 Stat 2860 (1998); Copyright Act, 1976 (17 USC 512).

Likewise, ISPs are not obliged to comply with notices that they receive. ISPs may take the position that their subscriber's use is not infringing, or that they are not contributorily liable. But the immunity offered cooperating ISPs by section 512 greatly incentivizes compliance; indeed, it incentivizes over-compliance (and little independent analysis) by ISPs that are in receipt of notices from copyright owners.¹⁴⁴ Indeed, that is the value of the procedure, both to the copyright owner (who obtains complete cooperation) and the ISP (who is relieved of uncertainties over liability without any need to expend resources on making judgement calls or monitoring subscribers). As a result, take-down normally occurs within 24 hours.¹⁴⁵

Under the DCMA, ISPs in the United States have through their responses to notices under section 512 effectively served as first-instance private adjudicators of infringement disputes between copyright owners and users who post copyrighted content to websites.¹⁴⁶ But they are adjudicators who largely do not adjudicate; instead they process and enforce claims without consideration of the merits of the defendant's arguments.

Of course, the take-down notice is not the sum of the section 512 procedure. In theory, these disputes are designed to precede litigation and the parties involved are always free to resort to judicial resolution. Thus, a subscriber who is informed that its ISP has received a notice of alleged copyright infringement may serve the ISP with a counter-notification contesting the claim of infringement. The statute then incentivizes the ISP's restoration of the allegedly infringing material by granting the ISP immunity for complying with the restoration request (after informing the copyright owner, who may then initiate litigation, which will stay restoration). Practice under the statute, however, reveals that the overwhelming

¹⁴⁴ See Rights Watch Report 5 (2003). The Rights Watch Report, which contemplated policies to be adopted in the EU, suggests that although ISPs might be incentivized to have scant regard for residential subscribers, that might not be true of a large corporation paying for dedicated hosting. This might in fact exacerbate concerns about this form of norm development, but there has been no evidence that ISPs operating under the DMCA have made this distinction. However, if they had, it would be hard to detect, highlighting the need (discussed below) for transparency to be a guiding principle of any public structuring.

¹⁴⁵ Department of Trade and Industry, *Combating Internet Copyright Crime* (The Publisher's Association, London, 2003) 20–25 available at <<http://www.publishers.org.uk/paweb/paweb.nsf/pubframe!Open>>.

¹⁴⁶ See 'Activist Network in New York City Evicted from Internet by Dow, Verio', (23 December 2002), available at <<http://slash.autonomedia.org/article.pl?sid=02/12/23/153204>>. Of course even in the offline context, different intermediaries (depending upon the type of work involved) often limit access to allegedly infringing work after receiving notice from the copyright owner. But in the online environment, ISPs become central actors in all copyright disputes, regardless of the type of work involved, and are thus able to determine the online availability of a broad spectrum of copyrighted works. The centrality of ISPs to the supply of knowledge online makes the *ex ante* structural incentives that will guide their conduct, and any *ex post* external checks, crucial.

majority of disputes are resolved with no counter-notification and no judicial intervention.¹⁴⁷

The practices of ISPs are so central to the success of the notice and take-down procedure that they clearly have the capacity to develop norms both as regards the substantive scope of copyright protection, and with respect to the enforcement of copyrights. The discussion above suggests that these practices are likely, because of incentives built into the DMCA, to shift the balance of rights toward copyright owners. But the DMCA also contains provisions that are designed to balance the incentives that it creates to favour the copyright owner in the implementation of the notice and take-down procedure. In addition to ISP immunity for restoring material when requested to do so by a properly-served counter-notification, section 512 provides civil liability for knowing material misrepresentations that cause unjustified removal of material (or unjustified restoration). These causes of action, plus the various immunities created by the statute, and an important provision that entitles copyright owners to obtain from ISPs the identity of the ISP's subscribers who are alleged to have engaged in copyright infringement by subpoena and without court order, are different elements¹⁴⁸ of the 'public structuring' of private ordering.¹⁴⁹

If the practices of ISPs were shown to be altering the scope of protection afforded to copyright owners, what should policy makers do? Assuming that copyright law embodies a balance more likely to produce an optimal knowledge supply, policy makers would need to revise the elements of public structuring currently found in the Copyright Act. The fact that some might describe ISP practices as 'private' transactions should be of no moment. Beyond the mythic qualities of the distinction that this presupposes, the description of section 512 above highlights that those practices are intensely structured and supported by public legislation, the Copyright Act.¹⁵⁰

¹⁴⁷ See Steven J Metalitz, 'Implementation of the DMCA: The Practical Experience' (20 April 2001) Working Paper, Ninth Annual Fordham Conference on International Intellectual Property Law and Policy, 7; *Combating Internet Copyright Crime*, note 145 above, 45. Of course, it might be argued that in most cases, the infringement is clear. See Shira Perlmutter, 'Comments from SOFTIC International Symposium' (20–21 November 2001) Tokyo.

¹⁴⁸ In order to make the notice and take-down procedure work efficiently, copyright owners also need reliable Whois data. Again, the apparent private ordering of ISPs and copyright owners in fact requires substantial public underpinning.

¹⁴⁹ See Michael Warnecke, 'DMCA's False Notification Provision Gains Traction in Complaints, Case Law', 73 Pat Trade Cop J 332 (26 January 2007) (discussing district court decision in *Online Policy Group v Diebold*, 337 F Supp 2d 1195 (ND Cal 2004), as well as more recent reported opinions and complaints filed).

¹⁵⁰ See Radin and Wagner, note 6 above.

For this to be achieved, however, the ISP practices have to be known. While the DMCA contains many elements of public structuring that suggest an effort to maintain a fair balance of rights, the practices that it engenders are not easily accessible to the public. The Copyright Office maintains no relevant records and does not monitor the notices.¹⁵¹ At present, the practices are being monitored by non-governmental organizations and these forms of monitoring may ultimately cause governmental action.¹⁵² But transparency is lacking.¹⁵³ Efforts to replicate or revise the notice and take-down procedure should tackle this important question, which will lend legitimacy to the procedures adopted.¹⁵⁴

ISP practices under the DMCA may also be giving rise to an international copyright norm. At present, no multilateral treaty provisions expressly govern ISP liability. The Diplomatic Conference of the WIPO Copyright Treaty in 1996 did not adopt any provision regulating service provider liability (though countries did adopt an Agreed Statement accompanying Article 8, which required states to offer copyright owners the exclusive right to make a work available to the public, acknowledging that 'the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Treaty or the Berne Convention'). Yet this is a topic that cries out for international agreement, or cooperation.¹⁵⁵ WIPO has tried to encourage convergence of standards through workshops on ISP liability¹⁵⁶ and intellectual property owners in the United States have lobbied

¹⁵¹ See *Combating Internet Copyright Crime*, note 145 above, 20–25.

¹⁵² See ChillingEffects.org, <<http://www.chillingeffects.org>> (last visited 2003).

¹⁵³ In this regard, although the UDRP system is lacking some of the structural design elements that inject balance into the notice and take-down procedure, such as a cause of action where complainants are found to have engaged in reverse domain-name hijacking, the decisions of panellists are all public. This has enabled intense scrutiny, and has validated concerns that certain structural elements skew the system (such as the choice of dispute-settlement provider being reserved exclusively to the trademark owner).

¹⁵⁴ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ L 178, 1. Although the EU Directive was adopted seven years ago, many Member States of the European Union are still considering how best to implement a similar notice and take-down system. Art 14 of the E-Commerce Directive obliged member states to enact an immunity from liability similar to section 512, but contained significantly less detail. The recitals to the Directive instruct member states to encourage the development of a notice and take-down system by means of 'voluntary agreement between all parties concerned', Recitals 40–46. In constructing and revising these agreements, member states should be alert not only to the elements of public structuring in section 512, but also to the demand for transparency. Law making by private agreements always raises concerns of voice and legitimacy. This is particularly likely to be so where there is no mechanism to publicize or monitor the application of these rules. The EU 'voluntary agreements' must take these transparency concerns into account, because the directive itself makes no such provision.

¹⁵⁵ See Perlmutter, 'Comments from SOFTIC International Symposium', note 147 above.

¹⁵⁶ See WIPO Workshop on Service Provider Liability (1 December 1999) Geneva, available at <http://www.wipo.int/documents/en/meetings/1999/osp/pdf/osp_lia1.pdf>.

B. Private Ordering

hard (directly, and by asking the United States government to make provision for DMCA replication in bilateral trade agreements) for other countries to adopt the DMCA model.¹⁵⁷

And, in fact, ISP practices under the DMCA are coming to establish the international norm. US copyright owners are serving notices on ISPs worldwide under section 512¹⁵⁸ and receiving surprisingly high levels of compliance.¹⁵⁹ To be sure, discrete (though similar) practices continue to evolve in other countries, and this is not the first occasion when the law of a single country has purported to have broad territorial reach. As noted above, although national courts nominally apply their intellectual property laws territorially, US courts have applied their copyright and trademark law in a fashion that has arguably made US law the dominant law online. But, there, the extended reach of US law has occurred through its public application by courts, nominally restrained by rules of private international law, a context that is both apparent and subject to contest by courts of other countries. As those rules codify, through the public debate that the decisions themselves generate, one would expect a more diverse range of prescriptive influences.

ISP practices under the DMCA might, in addition, shift the balance between the application of national and international rules, a shift which is itself construction of a new international copyright norm. As noted above, an implicit element in every aspect of the international copyright regime is the allocation of prescriptive authority to national or international institutions. Where this balance is adjusted via ISP practices, however, the allocation between national and international sources will likely not occur through a conscious decision that for reasons of efficiency, already existing harmonization, or the maintenance of divergent and fundamental national values, certain values require to be set at one level or the other. Instead, this allocation might be the product of such serendipitous forces as the governance structure of multinational ISPs, or the market for ISP services (itself potentially the subject of regulation), or the geographic composition of an ISP's subscribers (which may be affected by any number of variables).

Alternatively, and still speculatively, the balance of national and international norms could be altered by a contractually grounded extension of the UDRP model into the copyright realm. If ISPs acquire customers from several different countries, ISPs might wish to establish a single policy for responding to alleged

¹⁵⁷ See *Combating Internet Copyright Crime*, note 145 above, 20–25.

¹⁵⁸ Metalitz, note 147 above, 8; *Combating Internet Copyright Crime*, note 145 above, 45.

¹⁵⁹ Geist, note 140 above, 377.

acts of copyright infringement. Indeed, because ISPs may (acting collectively) offer a choke point not unlike that made available in the domain name context by ICANN's control of the root server, one might envision a system that sought to expose a larger number of these copyright complaints to the light of day and provide some form of adjudication of their merits. An ISP could contractually require subscribers to submit to dispute settlement of infringement claims by third-party copyright owners with respect to postings of copyrighted materials on the ISP's servers. The dispute-settlement providers, like the panellists in the UDRP context, could be authorized to apply some designated body of rules, be they national or international copyright laws or some hybrid, to determine whether the ISP must remove such allegedly infringing materials.

In such an event, the rules applicable to notice and take-down disputes may well evolve away from purely national roots toward contract-enshrined norms and practices not tied to any particular prescriptive authority. Such rules might evolve quite independently of the norms of any particular nation state. If such a system were to develop,¹⁶⁰ it would even more directly raise the challenges of private ordering: rights of users coercively (though, nominally, contractually) subjected to adjudication before fora of private adjudication.¹⁶¹

Whether non-national or international norms develop by dint of practice or through a contractually constructed system, it is important to remember the role of public structuring. This is not to deny the benefits of dynamic, non-national specific standards that such a system might embody, or the efficiency gains that are generated by fast processing of routine complaints. Rather, for the benefits of these rules not to be outweighed by corresponding costs, any procedural mechanism that is established must address, not only the substance of the norms, but the structural incentives for their application in one direction or another, and the publicizing of the practices in ways that facilitate active national legislative or judicial involvement if that is appropriate. Moreover, there must be a public-oriented input towards the allocation of certain issues to the national, and other issues to the international, realm.

¹⁶⁰ Copyright owners are content with the current system and would be unlikely to agree to any such experiment, which they would view as unnecessary and blind to the benefits of an automatic process that deals quickly and cheaply with routine cases of piracy. Moreover, they would argue, users already have the capacity to force content owners to court in order to vindicate their claim. These arguments are most easily rebutted, of course, if over-reaching by copyright owners is shown.

¹⁶¹ As in the case of the UDRP, one could not imagine national courts deferring to such decisions simply because they are the product of institutions established by private arrangement and 'affect only' those private parties.

B. Private Ordering

Agreements contemplated by Article 6(4) of the EU Copyright Directive

The EU E-Commerce Directive contemplates agreements among ISPs, content-providers and users regarding notice and take-down procedures.¹⁶² But, while that directive contains no mandatory administrative review of those agreements, the EU Copyright Directive goes further (procedurally, if not substantively) in acknowledging that private ordering should, to some extent, be subject to publicly-defined limits. The Directive (in Article 6) implements Articles 11 and 12 of the WIPO Copyright Treaty, which obliged signatory countries to protect effective technological measures (i.e. DRMs) against unauthorized circumvention. (The treaties still left national law much room for experimentation.)¹⁶³ Like the DMCA, the Copyright Directive validates DRMs as a form of private ordering. Like ISP practices in response to notices from copyright owners, technology need not be nationally configured. Technology is not inherently territorial, and thus to the extent that national laws validate DRMs that are not tied to national copyright rules, they may be validating international norms (if the DRMs are replicated by content owners generally). Indeed, it may add expense to make the terms of use or access country-specific (but enable greater price discrimination).

Alternatively, geographically-oriented technological measures have the capability to re-territorialize international knowledge markets in ways that bring product distribution back to the historical premises of international copyright law, rather than reconfigure copyright norms to the basis of contemporary product distribution. Region-coding of DVDs exemplifies this option.¹⁶⁴ Thus, decisions made in the construction of DRMs by content owners may determine whether norms of access to works are set nationally or internationally. And, as suggested above, they have the capacity to set norms without reference to the balance of rights established in copyright law (whether national or international). Private ordering thus, once more, can affect the structural norms of international copyright law: according to which set of values will the decision whether to universalize or territorialize be made?

¹⁶² E-Commerce Directive, note 154 above, 12–13. Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ 22 June 2001 at 10 (L167) (Copyright Directive).

¹⁶³ Samuelson, note 53 above, 530–533.

¹⁶⁴ In an early draft of the Finnish implementation of the Copyright Directive, region-coding of DVDs was expressly excluded from the definition of 'technological measure', thus enabling the sale of devices that circumvent region-coding. But see *Kabushiki Kaisha Sony Computer Entertainment Inc v Gaynor David Ball* [2004] EWHC 1738 (Ch) (UK). Region-coding clearly limits the ability of the technological protection measure to establish international norms.

This discussion, of course, assumes wholesale validation of private ordering. But the legislative inclination, thus far, does appear to be in favour of DRMs effecting norms regarding the distribution of knowledge, whether inconsistent with national copyright law (though some limited exemptions patrol that boundary), and whether inconsistent with international copyright norms (concerning which no legislative intent can be discerned).

The EU recognized the potential problem of unbalanced private ordering and the possibility that an unduly strict application of the new quasi-copyright prohibition might have the effect of denying users the right to engage in acts that would otherwise be permitted by copyright law. To redress any imbalance, Article 6(4) of the Copyright Directive relies in the first instance on 'voluntary measures taken by the right-holders, including agreements between right-holders and other parties concerned' to ensure that those benefiting from exceptions are able to exercise those exceptions.¹⁶⁵ Thus, it seeks to ensure that certain¹⁶⁶ copyright values will be preserved notwithstanding technological protection measures inconsistent therewith.¹⁶⁷

Moreover, if such measures are not taken voluntarily, Article 6(4) of the Directive provides that 'Member States shall take appropriate measures to ensure that

¹⁶⁵ See Art 6(4). The only type of 'voluntary measure' expressly referenced in Art 6(4) is 'agreements between right holders and other parties concerned'. But reaching such agreements will be a difficult task. As the range of stakeholders with interests implicated by copyright law expands, reaching consensus becomes difficult (even assuming you can identify the stakeholders). Indeed, because some of the exceptions at issue are linked to certain types of use and not defined categories of users (i.e. are purpose exceptions, not identity exceptions), the beneficiaries may be quite diverse. Thus to the extent that private contractual arrangements among interested parties will be the means by which the ability to take advantage of copyright exceptions is guaranteed, there will likely have to be a complex web of agreements. Of course, agreements are not the exclusive form of 'voluntary measure', so rights holders might also consider modification of technological measures in ways that enable beneficiaries to take advantage of the exceptions in question.

¹⁶⁶ Art 6(4) only applies to certain stated exceptions, and only in so far as those exceptions are recognized in the national copyright law in question. See Jerome H Reichman, Graeme B Dinwoodie and Pamela Samuelson, 'A Reverse Notice and Takedown Regime to Enable Public Interest Uses of Technically Protected Copyrighted Works' (2007) 22 *Berk Tech LJ* (forthcoming).

¹⁶⁷ The Copyright Directive also regulates the relationship between compensation rights of authors under 'private copying' schemes in national copyright laws, and the use of technological protection measures. Art 5 provides that the appropriate rate of return for authors under such compensation schemes should take into account the extent to which technological protection measures have been deployed. Indeed, a recital to the directive contemplates that the compensation under the copyright scheme might be reduced to zero where technological protection measures enable the author to obtain payment. But this provision regulates the technological protection measures only minimally: it does not make the copyright norm prevail but rather, simply ensures that the public system does not duplicate payments already extracted by private ordering. The payment extracted by private ordering may, however, exceed the payment that would have been available under the public system. Thus, as discussed below, Art 6(4) may be closer to a mechanism that ensures the predominance of the default norms of copyright law.

right-holders make available to the beneficiary [...] the means of benefiting from' certain exceptions and limitations to copyright.¹⁶⁸ Thus, unlike the agreements contemplated by the E-Commerce Directive, here there is a shadow in which the bargaining will take place. Substantively, it is a narrow shadow: only a very few exceptions and limitations are listed (and this is a major failing as a public structuring control element). But procedurally, it presents great latitude to member states.

What appropriate measures might member states adopt under Article 6(4)? Different member states are experimenting with different mechanisms. These differ in several respects, but most importantly, they vary in terms of institutional allocation of authority among courts, magistrates, and the administrative and legislative branches.¹⁶⁹ If these differences persist, then we may be presented with a series of experiments in how best to control and monitor private ordering in ways that preserve the benefit of DRMs without conceding control on the important public question of how to ensure a balance of rights between copyright owners and users.

If the inconsistency of DRMs with national copyright law is resolved by initial agreement between rights holders and the beneficiaries of exemptions, there is a possibility that the DRMs might seek to impose the same technological protection measures on products distributed internationally, raising the prospect that the DRMs (as modified by agreements between interested parties) will come to create international norms.¹⁷⁰ This is likely, at least within the European Union. Whether such norm creation by a mix of technology and contract should have a broader geographical remit should ideally be determined by the set of structural international copyright norms that guided the historical balance (contemporarily interpreted) between national autonomy and universality. More likely, it will be determined by whether, within industry groups, there is

¹⁶⁸ The German implementation of the Copyright Directive contains an interesting provision that reflects comments above regarding transparency. Private ordering proponents frequently assert that any imbalance that occurs can be corrected by the competitive market; consumers will not buy goods protected by oppressive DRMs. But the market is constructed on massive information asymmetry. Germany proposes to partially correct that asymmetry by public regulation, namely, by requiring any work protected by DRM to be labelled in a fashion that discloses the restrictions on its use. See Foundation for Information Policy Research, 'Implementing the EU Copyright Directive' (September 2003) Cambridge. Recent attacks on over-protective DRM systems in a number of European countries (e.g. Germany, the Netherlands, France, Finland and Norway) have relied on consumer protection or unfair competition law. See David Ibson, 'Norway declares Apple's iTunes Illegal,' *Financial Times*, 24 January 2007.

¹⁶⁹ See Foundation for Information Policy Research, *ibid*; Urs Gasser and Silke Ernst, *Best Practice Guide: Implementing the EU Copyright Directive in a Digital Age* (2006).

¹⁷⁰ If ensuring compliance with exceptions available under national law falls to the safeguard mechanisms contemplated by Art 6(4), it is more likely that any solution will be tied to national norms.

the political will to extend any agreement reached within the European Union to the United States and elsewhere. Article 6(4) is a creditable (if overly limited and undefined) effort at imposing public checks on private ordering. But the values of the international copyright system, with their attendant affects on the generation and distribution of knowledge, are noticeably absent.

The Role for Public Structuring and International Norms

As both of these examples demonstrate, private ordering has (as its proponents have argued) substantial ability to overcome the persistent problem of territorial rights in a less than fully territorial world. Yet both are ultimately dependent upon an underpinning of public regulation, even if that regulation consists of a decision to forbear from acting. The mix of public structuring that will be essential to buttress effective private ordering will vary from one context to another. In some, it will be forbearance from intrusive regulation; in others it will be laws supplying the instruments (e.g. subpoena power to obtain information about alleged infringers) by which parties are able to engage in efficacious private ordering; and in yet others, it will consist in a set of related liabilities (or immunity therefrom) that incentivize private conduct.

It is clear that private ordering is dependent upon public structuring for its effectiveness. The central political question, however, that is essential to the legitimacy of publicly-structured private ordering, is whether the forms of structuring are sufficiently balanced to ensure that—when implemented through private ordering—the outcomes produce a balance of rights and access that furthers the optimal supply of knowledge. For those who are sceptical of the wholly ‘private’ nature of any social activity, it is not difficult to justify conscious political choices surrounding the nature of the public structuring. But even for those who attach the (‘do not disturb’) label of ‘private’ to what ISPs do in response to notices from copyright owners, or what content owners do in implementing DRMs, it is surely evident that their favoured system is heavily dependent upon public structuring, and thus not immune from the public oversight that is appropriate in return for public support.¹⁷¹

¹⁷¹ In offline contexts, rarely was the availability of content of all types at the mercy of a single group of technological providers. Certainly, distribution channels for particular types of works contained dominant market players; the mass availability of hard copy books offline is increasingly (in the United States) a function of the proximity of Barnes & Noble and Borders. And, the availability of performance licenses for musical works was heavily dependent upon the practices of ASCAP and BMI. But these institutions acted subject to legal restraints (e.g. antitrust laws) rather than under the protection of legal immunities. This is public structuring in the offline world that was effective, and important. If copyright owners asserted egregious over-reaching, possible causes of action did exist (whether constructed creatively or expressly sanctioned, as is the case in the UK).

Even with conscious attention to the nature of that public structuring, because some of the ways that the private ordering will play out will likely flow from such unpredictable forces as the organizational structure of firms and inter-industry political bargains, it will be important for public structuring to be prospective and dynamic (no less than copyright law itself must be able to react to change). The provisions in Article 6(4) of the EU Copyright Directive, if expanded in scope, appear to possess that potential, even if in the Directive they assume only abstract and muzzled form. And, for such assessment to be made on an ongoing basis, whatever private ordering occurs must be subjected to the light of day. This can be done by non-governmental organizations, but more importantly such transparency must itself be built into the public structuring of the private system. If open government is a mantra of liberal democratic polities, then transparent private ordering must equally be the obligation of those who purport (beneficently) to arrive at the same results through private governance.

Finally, each of these forms of private ordering has the potential to create international norms, both substantively and structurally in the allocation of certain norms to the national or international level. Yet, no public structuring that currently exists holds private law makers to account for their decision to alter the balance of national autonomy and universal rules. International copyright law embodies important structural, or institutional, norms that impinge directly upon the generation and distribution of knowledge: national autonomy, diversity of values, and resistance to orthodoxy, are all valuable tools in optimizing the knowledge supply. Public structuring that fails to account for these international values has failed to account for an important part of a system that purports positively to affect the creation and availability of knowledge.

Conclusion

The international intellectual property system has always been driven, to some extent, by trade concerns. However, the recent incorporation of intellectual property within the apparatus of the World Trade Organization, along with other social and economic developments, has caused the rapid evolution of the international intellectual property system. The contours of that system are now quite different than when the system first took shape in the late nineteenth century. Yet, appreciating the important role of trade institutions in changing the

See Paul Heald, 'Payment Demands for Spurious Copyrights: Four Causes of Action' (1994) *I J Intell Prop L* 259.

Chapter 2: The International IP System

intellectual property system should not distract commentators from other developments that are now effecting the creation of international intellectual property norms equally. In particular, private ordering activities have the capacity to regulate extensive international activity, and to do so without full public scrutiny. Thus, these activities also must be scrutinized, with a view to both how they affect the balance of rights between right holders and users, and how they affect the balance between national and international regulation.