COMMENTS

Enforcing the Enforcement Procedures of the TRIPS Agreement

J.H. REICHMAN*

INTRODUCTION

When the Symposium for which this Comment was prepared was still in the planning stages, I suggested that intellectual property scholars badly needed the views of leading trade experts on the future implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).¹ I also pointed out that, among those experts, Professor Andreas Lowenfeld had been taking particular pains to master the intricacies of this Agreement, and that his direct experience with the GATT's pre-existing dispute-settlement machinery could provide a unique basis for evaluating future developments within the new framework of the World Trade Organization (WTO). It is, therefore, with particular pleasure that I commend the organizers for acting on that suggestion in view of the major contribution that

* Professor, Vanderbilt Law School. Copyright 1997 by J.H. Reichman. My thanks to Todd Brown, Senior Research Assistant on this project, for his conscientious and fruitful labors on my behalf.

resulted from the collaboration between Professor Lowenfeld and the distinguished Director of the Engelberg Center for Innovation Law and Policy at the NYU School of Law, my friend and colleague, Rochelle Cooper Dreyfuss.2

One has only to glance at the literature concerning the dispute settlement provisions of the TRIPS Agreement3 to appreciate the extent to which Dreyfuss and Lowenfeld have advanced the level of discourse in ways that are both fresh and illuminating. The early commentators necessarily considered dispute settlement as an abstract possibility pending finalization of the Uruguay Round of Multilateral Trade Negotiations. In contrast, Dreyfuss and Lowenfeld now take both the TRIPS Agreement and the WTO’s dispute-settlement apparatus4 as facts of life in a new universe of international intellectual property discourse. They proceed to teach us the basic principles—drawn from both international trade law and international intellectual property law—that WTO dispute-resolution panels must skillfully amalgamate in order to manage the hypothetical cases that our authors invite us to consider.5

One can summarize Dreyfuss and Lowenfeld’s core operating principles in the following terms. First, the WTO dispute-settlement panels must recognize that TRIPS standards are “minimum standards,” even when these minima represent a relatively high


5. See Dreyfuss & Lowenfeld, supra note 2, at 278-82. For the first WTO panel decision under the TRIPS Agreement, see India—Patent Protection for Pharmaceutical and Agricultural Products, WTO Doc. WT/DS50/R (Sept. 5, 1997) [hereinafter U.S. v. India].
level of intellectual property protection. Different countries at
different stages of economic development must accordingly strike
their own balance between incentives to create and the benefits of
free competition, while respecting the normative guidelines estab-
lished by the TRIPS Agreement.

Second, the delicate nature of this balancing exercise and the
risk of instability inherent in the transfer of significant adjudicatory
powers to instrumentalities of a new and untested international
organization mandate a cautious and conservative approach to
resolving intellectual property disputes. This, in turn, requires dis-
pute-settlement panels to show a high degree of respect for, or de-
ference to, good faith applications of local law to the facts and
issues in dispute.

Third, and of primary importance, a panel’s initial willingness to
defer to local law may more readily yield to a more activist stance
when the harmful economic effects of the allegedly violatory (or,
eventually, even nonviolatory) acts of nullification and impairment
affect markets in third countries or the integrated global market as
a whole. Finally, the panels should weigh even these adverse
effects against actual conditions in the accused country, with due
regard for instances of unforeseen economic hardship that may sur-
face during and after the transitional phase in both least-developed
and developing countries.

6. Dreyfuss & Lowenfeld, supra note 2, at 282-84, 312-13; see also Hanns Ulrich,
GATT: Industrial Property Protection, Fair Trade, and Development, in GATT or WIPO?
New Ways in the International Protection of Intellectual Property 127 (Friedrich-Karl
Beier & Gerhard Schricker eds., 1989) (criticizing maximalist objectives of developed
countries during TRIPS negotiations).

7. See Dreyfuss & Lowenfeld, supra note 2, at 301-04; see also TRIPS Agreement, supra
note 1, art. 7.

The protection and enforcement of intellectual property rights should contribute
to the promotion of technological innovation and to the transfer and
dissemination of technology, to the mutual advantage of producers and users of
technological knowledge and in a manner conducive to social and economic
welfare, and to a balance of rights and obligations.

357, 365 (1997) (favoring a stricter approach to implementation while counseling
deferment of possibly controversial disputes).


10. Id. at 301-03. The TRIPS Agreement, like most other components of the WTO
Agreement, abandons the concept of preferential treatment for developing countries in
favor of a “package deal” of trade concessions coupled with a transitional period of five
years for developing countries and eleven years for least-developed countries. See TRIPS
Agreement, supra note 1, art. 1(2) (“Members shall accord the treatment provided for in
this Agreement to the nationals of other Members.”), art. 63(2) (transition period for
This general approach is eminently sound, and the authors' treatment of the likely interrelations between the dispute-settlement panels, the newly established appellate review body, and the Council for TRIPS strikes me as both revealing and prophetic. I shall not, therefore, attempt to gild the lily by adding to their analysis of dispute-resolution as such. Rather, I shall try to extend their basic principles and insights to the bigger picture that emerges once the enforcement procedures set out in articles 41-61 of the TRIPS Agreement are themselves factored into the prospectus for dispute-settlement outlined above.

This new, integrated whole raises problems that were left untouched by the Paris Convention for the Protection of Industrial Property of 1883 and the Berne Convention for the Protection of Literary and Artistic Works of 1886, on which the TRIPS Agreement builds. Under these "Great Conventions," as they are known, state practice treated the adoption in domestic law of a statute that more or less embodied an international minimum standard as sufficient to discharge a given state's international responsibility, even if the domestic law in question were laxly or loosely enforced. What mattered was that member states strictly observed national treatment in the application of such laws, and

developing countries), art. 66(1) (transition period for least-developed countries); see also Adrian Otten & Hannu Wager, Compliance with TRIPS: The Emerging World View, 29 Vand. J. Transnat'l L. 391, 407-09 (1996). However, both article 66 and the framework WTO Agreement itself recognize the plight of least-developed countries and create at least a legal possibility of further measures of preferential treatment in cases where particular hardship may be demonstrated. See TRIPS Agreement, supra note 1, art. 66(1) (allowing Council for TRIPS to accord extensions of the transitional period); WTO Agreement art. XI(2).

11. See TRIPS Agreement, supra note 1, arts. 41-61 ("Part III: Enforcement of Intellectual Property Rights"); id. arts. 63-64 ("Part V: Dispute Prevention and Settlement").


not that the laws themselves, as implemented, fulfilled the spirit of the Conventions.

Under the TRIPS Agreement, in contrast, adopting legislation that complies with international minimum standards becomes only the starting point.\textsuperscript{14} States must further apply these laws in ways that will stand up to external scrutiny, as Dreyfuss and Lowenfeld explain,\textsuperscript{15} then they must adequately enforce them in compliance with detailed criteria concerning procedural and administrative matters, including remedies.\textsuperscript{16} Rights holders who cannot translate substantive victories into effective remedial action at the local level may eventually trigger the WTO's dispute-settlement machinery if their own states choose to question the good faith of the accused state's judicial and administrative organs.

Taken together, the enforcement and dispute-settlement provisions of the TRIPS Agreement put teeth into the pre-existing intellectual property conventions, which relegated the issue of effective implementation of agreed minimum standards to a purely theoretical possibility of litigation before the International Court of Justice.\textsuperscript{17} In the long term, one may well hope that these provisions will further the goal of adapting the international intellectual property system to the challenges of an integrated world market.\textsuperscript{18}

In the short and medium terms, however, I believe that the risks of failure from such confrontational approaches are also rather high. Few things touch the delicate nerve of national sovereignty.

\begin{footnotesize}
14. See TRIPS Agreement, supra note 1, art. 63(1) (requiring publication of relevant laws, regulations, final judicial decisions, and administrative rulings), 63(2) (requiring members to notify such laws and regulations to the Council for TRIPS so as to facilitate its review of the operation of the TRIPS Agreement); see also Otten & Wagner, supra note 10, at 409-11 (stressing that one of "the standard GATT mechanisms for monitoring compliance with agreements is the examination of each member's national implementing legislation by the other members").

15. See Dreyfuss & Lowenfeld, supra note 2, at 324-26.

16. See TRIPS Agreement, supra note 1, arts. 41-51; see also Monique L. Cordray, GATT v. WIPO, 76 J. Pat. & Trademark Off. Soc'y. 121, 135 (1994) (stating that "[p]erhaps the most significant milestone in TRIPS is the enforcement provisions.").

17. See, e.g., Paris Convention, supra note 12, art. 28; Berne Convention, supra note 12, art. 33. No state ever took such action, nor did any invoke the doctrine of retaliation and reversion theoretically available under international law for violation of international minimum standards of intellectual property protection.

18. See, e.g., Hanns Ullrich, Technology Protection According to TRIPS: Principles and Problems, in From GATT to TRIPS, supra note 3, at 357, 399-400 (stressing need to reduce territorial distortions if incentives built into TRIPS Agreement are to have worldwide impact on technological innovation).
\end{footnotesize}
more than the autonomous capacity of states to administer their
domestic laws in conformity with their own legal philosophies. States that have only recently achieved economic and political independence will especially resent other, more powerful states sitting in judgment of the way they exercise their sovereignty in this respect.\textsuperscript{19}

\section{Nature of the Enforcement Procedures}

To appreciate how great these risks are, we must imagine how the U.S. Congress would react if other countries told the United States when injunctions had to be made available, what the scope of U.S. discovery and appellate review procedures should be, what actions to criminalize, and how U.S. Customs agents should treat cultural and manufactured goods at the point of entry to this country. Yet, that is precisely what the TRIPS Agreement does in considerable detail.

Article 41 encapsulates the four cardinal principles of these enforcement provisions: (1) specified procedures must be made available under the domestic laws to “permit effective action” against present and future acts of infringement;\textsuperscript{20} (2) pertinent judicial and administrative procedures must be “fair and equitable” and not “unnecessarily complicated,” or likely to cause “unwarranted delays;”\textsuperscript{21} (3) courts and administrators must base decisions on evidence available to all the parties, and should normally deliver written, reasoned opinions;\textsuperscript{22} and (4) there must be some form of appellate review for decisions handed down by administrative or judicial agencies of first instance.\textsuperscript{23} However, safeguards established in article 41(5) attenuate the aforementioned obligations.\textsuperscript{24} These safeguards immunize member states from any fur-

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\item See TRIPS Agreement, supra note 1, art. 41(1). However, “[t]hese procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.” Id.
\item Id. art. 41(2).
\item Id. art. 41(3).
\item Id. art. 41(4).
\item See TRIPS Agreement, supra note 1, art. 41(5) (exempting member states from any obligation either “to put in place a judicial system for the enforcement of intellectual
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their duty to provide foreign rights holders with a higher quality legal product than that which the domestic courts and administrative agencies would normally mete out to local protagonists in similar circumstances.\textsuperscript{25}

Within this general framework, articles 42-49 spell out the "civil and administrative procedures and remedies"\textsuperscript{26} that would fulfill the obligations of article 41. For example, these provisions develop the concept of fair and equitable procedures, including procedures for the discovery of evidence that are a characteristic feature of U.S. law.\textsuperscript{27} They also require states to make injunctions available to aggrieved rights holders, at least in principle, although there are exceptions for patent infringement cases and for innocent infringers of other intellectual property rights.\textsuperscript{28} Article 50 addresses the need for preliminary injunctions to prevent future infringements and to preserve relevant evidence.\textsuperscript{29}

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property rights distinct from that for the enforcement of law in general" (or to redistribute their resources "as between enforcement of intellectual property rights and the enforcement of law in general").


26. See TRIPS Agreement, supra note 1, title to pt. III, § 2, covering arts. 42-49.

27. See id. art. 43(1). These provisions expressly allow for default judgments in proper circumstances. Id. art. 43(2).

28. Id. art. 44. Regarding remedies in general, the TRIPS provisions require that states empower local judicial authorities to order compensatory damages, expenses, and attorneys' fees and, in "appropriate cases," lost profits or liquidated damages. Id. art. 45. Courts must likewise have authority to impound or destroy infringing goods or equipment likely to contribute to the production of infringing goods, and they must not normally release counterfeit trademarked goods into the stream of commerce even after removal of the offending marks. See id. art. 46 (disallowing compensation for such acts). However, the local authorities may require claimants to indemnify parties who are wrongly or abusively subjected to any of the procedures mentioned above. Id. art. 48.

29. TRIPS Agreement, supra note 1, art. 50(1). This article obliges states to allow local judiciaries to order "provisional measures" even without a prior hearing of the alleged infringers, but there is no firm obligation to exercise this power in practice. Moreover, judicial application of the "irreparable harm" test frequently results in the denial of preliminary injunctions even in developed countries, which further weakens the thrust of these provisions. See id. art. 50(2); Thomas Dreier, TRIPS and the Enforcement of Intellectual Property Rights, in From GATT to TRIPS, supra note 3, at 248, 263-64, 272-73 (noting reluctance of French courts to issue preliminary injunctions); see also 2 Jay Drafer, Jr., Intellectual Property Law: Commercial, Creative, and Industrial Property, § 13.01(1) (1996) (discussing traditional four-part test for preliminary injunctions under U.S. law and
The "Special Requirements Related to Border Measures," set out in articles 51-60, apply to "counterfeiting and piracy" rather than to other forms of infringing conduct for which member states must make civil procedures and remedies generally available.30 Under these provisions, rights holders may take legal action to compel the domestic customs authorities to suspend the release of imported goods into free circulation whenever the complainants have valid grounds for suspecting that the items in question are "counterfeit trademark or pirated copyright goods."31

The basic procedure enables a right holder who believes that the prohibited importation may occur to "file an application in writing with a competent authority, providing adequate prima facie evidence and a sufficiently detailed description of the goods."32 The applicant must then proceed to adjudication on the merits or obtain a preliminary injunction within ten, or, in "appropriate cases" twenty, working days after notice of suspension.33 States

noting limits on presumption of irreparable harm in intellectual property cases); id. § 13.01[f][b] (discussing newer "sliding scale" test which relates issuance of preliminary injunction more closely to the applicant's likelihood of success on the merits).

30. See TRIPS Agreement, supra note 1, title to pt. III, § 4, covering arts. 51-60; Otten & Wagner, supra note 10, at 404 (designating "counterfeiting" and "piracy" as "more blatant and egregious forms of infringing activity"). But see J.H. Reichman, Intellectual Property in International Trade: Opportunities and Risks of a GATT Connection, 22 Vand. J. Transnat'l L. 747, 769-80 (1989) [hereinafter Reichman, GATT Connection] discussing various definitions of these terms; criticizing loose usage of "piracy" and "infringement" during negotiations; and stressing that acts of imitation not expressly prohibited by domestic law constitute legitimate acts of competition in market-driven economies); see also id. at 780-96 ("Imitation as a Paradox of International Economic Law").

31. TRIPS Agreement, supra note 1, art. 51. For this purpose, "counterfeit trademark goods" are defined as goods or packaging that bear unauthorized trademarks identical or similar to registered marks for such goods; and "pirated copyright goods" are defined as "unauthorized direct copies of protected Articles the making of which would have infringed either copyright law or related rights laws in the country of importation." Id. art. 51 n.14. The seizure provisions would thus apply to sound recordings protected only under a neighboring rights law, as well as to more traditional literary and artistic works. Id.; see also id. arts. 12, 14; Reichman, Universal Minimum Standards, supra note 13, at 368-70 (discussing coverage of neighboring rights in TRIPS Agreement).

32. Otten & Wagner, supra note 10, at 405-06. Remedies may include destruction or disposal in a manner that avoids harm to the right holder; and the re-exportation of counterfeit goods is prohibited in principle. See TRIPS Agreement, supra note 1, art. 59; Otten & Wagner, supra note 10, at 406.

33. See TRIPS Agreement, supra note 1, arts. 54-56. Competent national authorities may also act ex officio to suspend the release of goods for which prima facie evidence of infringement is available, although the TRIPS Agreement does not require WTO member states to authorize this option. See id. art. 58. However, importers of goods accused of violating laws protecting industrial designs, patents, integrated circuit designs, or trade secrets may obtain release of the goods in question by posting adequate security, if
must also provide criminal procedures and penalties for "cases of wilful trademark counterfeiting or copyright piracy on a commercial scale."34

The imposition of border controls against imports of counterfeit goods operates as "a safety net in the event that enforcement at the source has not taken place."35 They could become the most promising feature of the TRIPS enforcement exercise, provided that states implement them in a genuinely nondiscriminatory fashion and do not erect disguised barriers to trade.36 For these controls to remain effective, however, all the participating states must enforce border controls vigilantly,37 without allowing any weak links to appear in the chain, and this requires both developed and developing countries to curb powerful vested interests.

Certain ancillary provisions of the TRIPS Agreement may also bear on the enforcement procedures. For example, article 62 governs registration and other formalities needed to perfect some intellectual property rights under the domestic laws, including formalities covered by existing conventions.38 Article 63 strengthens the enforcement procedures by requiring "transparency" with regard to the relevant domestic laws and judicial decisions, which must be "made publicly available," and by empowering the Council for TRIPS to obtain the pertinent laws and decisions in conten-
tious cases.\textsuperscript{39} These powers are further reinforced by article 69, which obliges states to establish "contact points in their national administrations" with a view to exchanging information on trade in infringing goods,\textsuperscript{40} and they are more generally reinforced by the dispute settlement provisions of article 64 that Professors Dreyfuss and Lowenfeld discuss in their article.\textsuperscript{41}

II. ENFORCING THE ENFORCEMENT PROCEDURES

The enforcement provisions of the TRIPS Agreement have been drafted in terms of broad legal standards rather than as narrow rules. Their very ambiguity, which some have criticized,\textsuperscript{42} allows either the Council for TRIPS or duly appointed dispute-settlement panels to take local circumstances and diverse legal philosophies into account when seeking to mediate actual or potential conflicts between states.\textsuperscript{43} Under the broad safeguard provisions of article 41(5), moreover, disgruntled foreign rights holders cannot complain about levels of judicial or administrative inefficiency deriving primarily from the poorer countries' lack of resources unless they can also muster convincing evidence of discrimination.\textsuperscript{44}

Like Adrian Otten and Hannu Wager, the principal WTO officials charged with administering the TRIPS Agreement, I believe that the success of the venture hinges largely on the mediatory role that the Council for TRIPS ought to play.\textsuperscript{45} The Council's ability to hear complaints and mediate disputes arms the international

\textsuperscript{39} See TRIPS Agreement, supra note 1, art. 63.

\textsuperscript{40} See id. art. 69.

\textsuperscript{41} See Dreyfuss & Lowenfeld, supra note 2, at 283-84 & n.19.

\textsuperscript{42} See, e.g., Dreier, supra note 29, at 259-61, 272-73 (criticizing preference for flexible standards over formal rules in general and the watered down language of art. 41(1) which was changed from a requirement to "provide effective procedures" to that of providing procedures that "permit effective action" in particular).

\textsuperscript{43} See Otten & Wager, supra note 10, at 403 ("These provisions aim to recognize basic differences between national legal systems, while being sufficiently precise to provide for effective enforcement action as well as safeguards against abuse in the use of enforcement procedures."); see also Ruth L. Gana, Prospects for Developing Countries Under the TRIPS Agreement, 29 Vand. J. Transnat'l L. 735, 770-71 (1996) (stressing alien and conflicting values of some developing countries in regard to enforcement procedures).

\textsuperscript{44} See TRIPS Agreement, supra note 1, art. 41(5); supra note 24 and accompanying text.

\textsuperscript{45} See TRIPS Agreement, supra note 1, arts. 63(2), 68 (empowering Council for TRIPS to monitor compliance with both enforcement procedures and substantive standards of protection); Otten & Wager, supra note 10, at 409-11 (stressing Council for TRIPS' role in monitoring implementation and compliance as a defining characteristic of the trade-based approach); see also Reichman, Universal Minimum Standards, supra note 13, at 384-85 (stressing role of periodic reviews by Council for TRIPS as substituting for unilateral policy reviews by trade ministries of developed countries).
intellectual property system with a centralized goad that a completely decentralized regime might otherwise lack. The Council should bear in mind, however, that the high substantive standards of the TRIPS Agreement reflect the views of the developed countries' most powerful industrial circles, and not those of most entrepreneurs in the developing countries, who will have to endure them with little consensus or commitment. If the Council for TRIPS allows itself to become primarily an instrument for top-down pressures exerted by strong transnational corporations, it could augment a spirit of resentment and resistance simmering in those developing countries whose entrepreneurs must increasingly seek to defend the public interest in free competition in an integrated world market.

46. International trade rules are usually enforced under either centralized or decentralized models. See Jonathan T. Fried, Two Paradigms for the Rule of International Trade Law, 20 Can.-U.S. L.J. 39 (1994) (contrasting decentralized model of the North American Free Trade Agreement (NAFTA) and the U.S.-Canada Free Trade Agreement (FTA), which rely on the judicial systems of member states, with centralized model of the European Union, which relies increasingly on a new, supra-national enforcement structure). The TRIPS component of the WTO Agreement combines features of both approaches. As explained in the text, it relies primarily on the decentralized legal and administrative machinery of the member states' domestic laws, which must implement the minimum standards governing enforcement of international intellectual property rights prescribed by Part III of the TRIPS Agreement. See supra notes 20-34 and accompanying text; TRIPS Agreement, supra note 1, pt. III ("Enforcement of Intellectual Property Rights"). At the same time, the Council for TRIPS monitors compliance at the international level and provides an open forum for persuasion and mediation that falls short of formal litigation between states. See supra note 45.


48. Cf. Fried, supra note 46, at 39 (emphasizing the dependence of international trade rules on the commitment of all participants to the underlying substantive principles, regardless of whether a "centralized" or "decentralized" approach is taken); Dreier, supra note 29, at 271-73 (stressing economic constraints on effective enforcement of foreign intellectual property rights in developing countries).

49. For these and other reasons, some experts doubt that implementation of the enforcement provisions will actually meet the expectations of those who see them as a major achievement of the TRIPS negotiations. Compare, e.g., Cordray, supra note 16, at 135-37 (stressing overarching importance of enforcement provisions) with Arsi, supra note 25 at 85-87 (doubting that the Agreement "will be implemented effectively enough to decrease significantly world trade in counterfeit and pirated goods") and Dreier, supra note 29 (expressing skepticism of overall level of enforcement likely to be attained). See generally J.H. Reichman, From Free Riders to Fair Followers: Global Competition Under the TRIPS Agreement, 29 N.Y.U. J. Int'l L. & Pol. (forthcoming 1997) [hereinafter Reichman, From Free Riders to Fair Followers].
Consider, for example, that the Council for TRIPS is now gathering information from member countries about the state of their laws and their projects for implementing TRIPS standards. This manifests the high GATT principle of transparency\(^5\) and is a subtle incentive to compliance. But what if there is a tension between the president and the legislature of Ruritania about how its patent law should treat pharmaceuticals?\(^5\) I believe that we will need a ripeness or contentious case doctrine that could enable the Council for TRIPS to dissuade governments from convoking a dispute settlement panel on this or similar issues until a complainant state were actually injured by an adverse decision of Ruritania’s administrative apparatus.\(^5\)

Perhaps the Council for TRIPS could publish guidelines concerning dispute resolution exercises that would endorse such a doctrine and that might influence the panels to take ripeness into account. By the same token, governments representing private rights holders’ interests\(^5\) should not be allowed to raise the issue of inadequate enforcement without meeting a comparable criterion of ripeness, buttressed in appropriate cases by the need for the real

\(^{50}\) See supra note 39 and accompanying text.

\(^{51}\) Cf., e.g., Argentine Intellectual Property Law Questioned, 8 J. Proprietary Rts. 34 (1996) (examining the case of Argentina in which the executive and legislative branches sustain divergent views of the level of patent protection that is consistent with the TRIPS Agreement).


\(^{53}\) Under the existing international law of state responsibility, private parties cannot test the substantive or procedural provisions of the TRIPS Agreement before duly constituted international tribunals. See TRIPS Agreement, supra note 1, art. 1(1) (“Members shall give effect to the provisions of this Agreement.”); id. art. 64 (listing dispute settlement procedures applicable to member states); Restatement, supra note 52, § 713; see also id. § 207 (“Attribution of Conduct to States”). Rather, the aggrieved rights holders must petition their national governments to raise these issues at the international level, including complaints to be lodged in such fora as the Council for TRIPS, and governments will presumably weigh their actions on such petitions in the light of larger national interests. See, e.g., Arisö, supra note 25, at 86-87 (declaring that “State-to-State Nature of the enforcement procedures leaves right owners without effective recourse if they are rebuffed in foreign courts” because their “only choice is to notify [their] government, which might initiate . . . [WTO] procedures” which do “not provide for compensation for the breach of private rights by countries”). Even when states treat certain provisions of the TRIPS Agreement as self-executing, see, e.g., Dreier, supra note 29, at 269-70, only governments can raise the issue of noncompliance outside the domestic legal system.
party in interest to exhaust local remedies.\textsuperscript{54} Otherwise, proprietors might pressure governments into premature action at the WTO merely to avoid the uncertainties of dealing with the domestic judicial and administrative organs.

In all cases, whether the dispute concerns an alleged violation of the substantive standards or of the enforcement procedures as such, the Council or a duly appointed panel should insist on a showing of material injury to the complainant state as a prerequisite to intervention at the international level.\textsuperscript{55} Abstract discussions of intellectual property law are inappropriate in these forums, where a chronic lack of expertise facilitates the kind of posturing and tendentious doctrinal interpretations that hampered the multilateral negotiations. For this and other reasons, no inquiry into compliance with the relevant TRIPS standards, whether substantive or procedural in nature, should be pursued unless the potential injury resulting therefrom could demonstrably threaten to nullify or impair benefits expected from the WTO Agreement as a whole.\textsuperscript{56}

Once the appropriate laws and enforcement procedures have been adopted locally, actions by private rights holders under these domestic laws should gradually reveal the points of tension that will require further consultations within the Council for TRIPS, including efforts to mediate disputes.\textsuperscript{57} Eventually, this process


\textsuperscript{56} See TRIPS Agreement, supra note 1, art. 64; Reichman, Universal Minimum Standards, supra note 13, at 385-88; see also Robert E. Hudec, Enforcing International Trade Law: The Evolution of the Modern GATT Legal System 237-39 (1993) (discussing the introduction of "nonviolation nullification and impairment remedies provided for in GATT Article XXIII: 1(b) and (c)"").

\textsuperscript{57} See, e.g., Oten & Wager, supra note 10, at 407-11; J.H. Reichman, Compliance with the TRIPS Agreement: Introduction to a Scholarly Debate, 29 Vand. J. Transnat'l L. 363, 368-70 (1996). Meanwhile, the Council will also monitor the extent to which the developed countries fulfill their obligations to provide technical assistance under article 67 of the TRIPS Agreement. See TRIPS Agreement, supra note 1, art. 67; Oten & Wager, supra note 10, at 410; Evans, supra note 25, at 143 & n.25 (stressing combined obligations of
will give rise to a more delicate phase as rights holders, disappointed with the level of enforcement under the domestic laws, petition their governments to intervene at the WTO.\textsuperscript{58} We should remind ourselves that the issues likely to be raised are not entirely new to public international law, which has long subjected sovereign states to certain international minimum standards of protection for the lives and physical property of aliens.\textsuperscript{59} A salient characteristic of the prior law of state responsibility, however, was its reluctance to permit intervention in another state's affairs in the absence of a "consistent pattern of gross violations" of the relevant international minimum standards.\textsuperscript{60} Although a state's agents might err in single cases, in other words, no state could dismiss a pattern of flagrant violations of international due process as merely an exercise of the sovereign's right to apply the law of its own jurisdiction.

This same cautionary principle seems well-suited to the Council for TRIPS' efforts to monitor implementation of the enforcement procedures under discussion. On the one hand, the relevant enforcement provisions—unlike the substantive standards set out in the TRIPS Agreement—are truly minimum standards, as attested by the loose and open-ended language in which they are

\textsuperscript{58} See TRIPS Agreement, supra note 1, art. 64.


"While [a] state has no obligations to admit aliens to its territory . . . [o]nce admitted . . . customary international law allows the alien's national state to insist that the host state observe international minimum standards of due process if the latter decides to expropriate any property the alien acquires . . . . A failure to observe the minimum standard[s] . . . will engage the offending state's international responsibility."

Reichman, GATT Connection, supra note 30, at 797-98 (citing authorities). Arguably, the TRIPS Agreement represents a logical refinement and extension of these principles to the domain of an alien's intangible property. See id. at 806-11 ("Legal Recognition of Portable Fences in a Global Market").

\textsuperscript{60} See Restatement, supra note 52, § 711(a) and cmt. c; see also id. § 702(g) and cmt. m; id. § 702 reporters' note 10; id. reporters' note 2; General Claims Convention, Sept. 8, 1923, U.S.-Mex., 43 Stat. 1730, 9 Bevans 935; Neer Case (Oct. 15, 1926), Garcia & Garza Case (Dec. 3, 1926), and Laura M.B. Janes Case (Nov. 16, 1926), in Annual Digest of Public International Law Cases 1925-1926, at 213-19 (A. D. McNair & H. Lauterpacht eds., 1929) (citing cases from U.S.-Mexico General Claims Commission); United States v. Romano, 706 F.2d 370, 374-75 (2d Cir. 1983) (refusing to find "denial of justice" in criminal case absent showing of "grave or serious defects" constituting a "manifest injustice as would violate any international standard of justice").
cast. On the other hand, as Dreyfuss and Lowenfeld make clear, the developing countries face real difficulties in overcoming technological lag at socially acceptable costs, and most of the benefits they may derive from implementing the substantive standards will take time to accrue. In the meanwhile, the Council for TRIPS (or duly constituted dispute settlement panels) may frequently have to distinguish between self-serving maximalist claims of the technology-exporting countries and the more pro-competitive interpretations of the substantive or procedural standards favored by developing countries and backed by prior state practice and the opinions of jurists.

A policy of restraint that required complainants to show patterns of flagrant violations of due process could gradually give rise to an accumulation of respected precedents that converted the loose enforcement standards to more concrete rules. It could also help to ensure that international intellectual property law after the TRIPS Agreement remained broadly consistent with the economic incentives flowing from the Uruguay Round as a whole and did not become a product of controversial and confrontational decisions by international tribunals likely to breed mistrust and resentment of the World Trade Organization itself.

Even if caution does become the watchword of the dispute-settlement process as applied to the enforcement procedures of the TRIPS Agreement, certain difficulties inherent in the concept of internationally supervised enforcement will tax the capabilities of the system and vex comity between states. For example, given the rudimentary condition of the domestic legal systems in some developing and many least-developed countries and given the chronic lack of resources all these countries face, it remains to be seen how those responsible for monitoring compliance with the TRIPS Agreement will distinguish a genuine lack of means or capacity to

61. See supra notes 42-43 and accompanying text.
62. See Dreyfuss & Lowenfeld, supra note 2, at 302-04.
63. See Oddi, TRIPS, supra note 47, at 461-69; Reichman, From Free Riders to Fair Followers, supra note 49.
64. See, e.g., Abbott, supra note 3, at 400-01 (advocating need to require “proof of a certain level of systemic failure before DSU panels”). Professor Abbott notes that, while the U.S.—Section 337 GATT case started out as a single private case, it “was transformed by the European Community on the way to the panel into one of systemic failure.” Id. at 401 (citing authorities).
65. See Ulrich, supra note 18, at 399-400 (stressing future economies of scale); Gana, supra note 43, at 770-71 (predicting internal resistance to procedural requirements of TRIPS).
enforce from foot-dragging in the interests of local free-riders. These difficulties are compounded by article 41(5), which excuses states from any duty to beef up their overall judicial and administrative infrastructures in order to provide disproportionately effective protection to owners of intellectual property rights, as distinct from other citizens or subjects.66

In some of the most potentially difficult cases, State A will criticize the level of enforcement in State B, but decision makers must also worry about subtle interrelations between the substantive standards at issue and the relevant enforcement criteria. They would thus need to distinguish between a failure of the local authorities effectively to implement specified enforcement procedures and an underlying principled dispute about the applicable substantive standard that could account for the withholding of those procedures.

For example, Dreyfuss and Lowenfeld explore the difficulties likely to arise if developed countries use the dispute-settlement machinery to press developing countries to limit the reverse-engineering of computer programs by honest or proper means, given the lack of international consensus on this issue and the diversity of relevant state practice.67 By the same token, the Council for TRIPS (or any duly appointed panel) would have to evaluate the local approach to reverse-engineering in this broader context before it could make any sense of specific complaints about, say, repeated denials of preliminary injunctions or other remedies in relevant cases. Even when the applicable substantive standard seemed unambiguous on its face, state practice with respect to the enforcement of that particular standard could vary widely from one jurisdiction to the next and evidence of such divergence should always be taken into account at the international level.68

Taken together, these limiting doctrines—ripeness, exhaustion of local remedies, material injury, and insistence on a pattern of flagrant violations of due process—could attenuate the friction likely

66. See TRIPS Agreement, supra note 1, art. 41(5); Dreier, supra note 29, at 271-73; see also Institute for Economic Research (IFO), Study on the Financial and Other Implications of the Implementation of the TRIPS Agreement for Developing Countries 11-23 (Sept. 1996) (distributed by World Intellectual Property Organization).
67. See Dreyfuss & Lowenfeld, supra note 2, at 284-91; see also J.H. Reichman, The Know-How Gap in the TRIPS Agreement: Why Software Fared Badly, and What Are the Solutions, 17 Hastings Comm. & Ent. L.J. 763, 779-84 (1995) (showing that the U.S. federal appellate courts have so far upheld the reverse-engineering of copyrightable computer programs by honest means).
68. See supra note 29 and accompanying text.
to ensue from efforts to secure compliance with the enforcement provisions of the TRIPS Agreement by preserving respect for the overarching norm of the sovereign independence of states.\(^69\) In the meanwhile, one must emphasize that neither the Council for TRIPS, nor duly constituted dispute settlement panels that may operate beyond its control, possess the authority to seek justice as between rights holders engaged in private intellectual property disputes. Rather, their sole mission is to ensure that WTO member states actually receive what they bargained for during the Uruguay Round and that these benefits are not directly or indirectly nullified or impaired because the level of local enforcement fails to meet even the loose minimum standards applicable under this Agreement.\(^70\) To this end, both the Council for TRIPS and the dispute settlement panels should recognize that neither the developed nor the developing countries have relinquished their residual sovereign power "to promote the public interest in sectors of vital importance to their socio-economic and technological development,"\(^71\) and that a higher level of enforcement than that afforded by the existing minimum standards will require further negotiations and additional trade concessions.\(^72\)

III. Final Observations

Nothing in the pathbreaking article by Dreyfuss and Lowenfeld lessens my misgivings about the coercive measures built into the TRIPS Agreement. The likelihood that such measures will produce positive results becomes cloudy, indeed, if the developed countries decide to take an activist and interventionist approach to implementing what remains a still-experimental merger of interna-

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\(^{70}\) See TRIPS Agreement, supra note 1, art. 68 (charging Council for TRIPS to monitor operation of Agreement, "in particular, Members' compliance with their obligations hereunder"); Otten & Wager, supra note 10, at 409-11; Abbott, supra note 3, at 401 (WTO dispute settlement process not "a means to correct past injustice by the awarding of damages or otherwise").

\(^{71}\) TRIPS Agreement, supra note 1, art. 8(1).

\(^{72}\) See Reichman, Universal Minimum Standards, supra note 13, at 382-88 (stressing that compensation is the key to future concessions).
tional trade and intellectual property laws. There are already signs that some rights holders’ associations do intend to pursue an activist program, although I am heartened by Judith Bello, who advises her constituents to confine litigation to cases where “slam-dunk” decisions are the likely result.

I am the first to admit that without these coercive measures a toothless end product would have contained the same structural weaknesses that lately undermined the Paris and Berne Conventions. Yet, those Conventions were major successes in the progressive development of both intellectual property law and public international law in general. Their very weaknesses often resulted from tacit agreements between relatively homogenous states at more or less the same stage of economic development to refrain from strictly enforcing existing standards. In contrast, the members of the fledgling World Trade Organization agree on little beyond the letter of the TRIPS Agreement, and their interests are extremely heterogeneous (although somewhat less so now that market economics increasingly influence national development strategies). It remains to be seen whether aggressive resort to the dispute-settlement machinery available under the TRIPS Agree-


75. Bello, supra note 8, at 358-61. For an example of this strategy, see U.S. v. India, supra note 5.

76. See supra notes 12-17 and accompanying text.


78. See Reichman, From Free Riders to Fair Followers, supra note 49; see also J.H. Reichman, The TRIPS Component of the GATT’s Uruguay Round: Competitive Prospects for Intellectual Property Owners in an Integrated World Market, 4 Fordham Intell. Prop. Media & Ent. L.J. 171, 264 (1993) [hereinafter Reichman, TRIPS Component] (finding that “the developing countries will have to work harder to compete in general, and to acquire technological improvements in particular, under a post-TRIPS regime...,” but
ment will produce results that equal the past successes of the Paris and Berne Conventions over time or will, instead, constitute a new impediment to the further development of international intellectual property relations.\(^79\)

In this connection, consider the thorny (though temporarily deferred) question of nonviolatory acts of nullification and impairment, which Dreyfuss and Lowenfeld have eloquently addressed.\(^80\) A primary fear of the developing countries is that industrialized countries will use this doctrine to try to ratchet up the level of protection beyond that agreed to in the substantive norms, particularly with respect to scope of protection issues.\(^81\) At the same time, some experts (including my respected friend Paul Geller) argue that the TRIPS dispute-settlement process could help to fill gaps in international intellectual property law.\(^82\)

There are at least two reasons why I take a pessimistic view of the “nonviolatory acts” doctrine in the post-TRIPS environment. First, we are dealing here with a trade agreement based on reciprocal concessions. If there are to be pressures for unnegotiated benefits flowing from the resolution of new intellectual property issues, they should be accompanied by offers of greater market access.\(^83\) Second, I do not want the WTO or its instruments filling gaps in international intellectual property law because this may unduly limit my own state’s ability to devise its own intellectual property policy. Indeed, unlike many, I believe that in a fair fight WTO panels will often rule against the United States, and I fear the destabilizing consequences of many such rulings.\(^84\)

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79. See, e.g., de Koning, supra note 73, at 72-74 (stressing high social costs of implementation for developing countries), 76-77 (risks of coercive approach).

80. See TRIPS Agreement, supra note 1, art. 64; Dreyfuss & Lowenfeld, supra note 2, at 285-88.

81. See Reichman, Universal Minimum Standards, supra note 13, at 382-85.


83. Cf. Remarks of Professor Robert Hudec, 22 Vand. J. Transnat’l L. 321, 323 (1989) (“I think we have to face up to the fact that improved intellectual property protection is something that . . . we are going to have to pay for.”).

84. Cf. Remarks of Alice T. Zaik, 22 Vand. J. Transnat’l L. 329 (1989) (noting three past dispute settlement panels under GATT concerning intellectual property issues, “in each of [which]. . . the United States was the defending party,” and its laws were subsequently changed).
The zeal with which spokespersons for certain developed countries view themselves as plaintiffs and prosecutors in a holy war for stronger intellectual property protection may wane as more technical innovation originates from newly industrialized and developing countries, whose own stake in the system stands to grow proportionately larger. Unless developed-country governments proceed with caution, precedents established during the early implementation phase could rebound against them later on, when the terms of trade may be less advantageous or when purely domestic economic conditions favor more competitive, less protectionist policies than those currently in vogue.

Let me add parenthetically that greater resort to the consultative services of the World Intellectual Property Organization (WIPO)\(^\text{85}\) may not clothe WTO actions or judgments with greater authority or respect. Prior to the Uruguay Round, WIPO lost credit with the industrialized countries because of its scrupulous concern for the interests of developing countries and of the socialist countries. Since the Uruguay Round, WIPO is seen as the cowed and altogether accommodating servant of dominant special interests in the United States and the European Union, and this impression was reinforced at the WIPO Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, held at Geneva in December 1996.\(^\text{86}\) So adjudication (as distinct from mediation) will still suffer from both the “hat problem” and the “shoe problem” that the late Professor Leon Lipson taught us about in his international law classes at the Yale Law School. The “hat problem” questions the willingness and ability of international adjudicators to deviate in practice from the policies adopted in their home countries. The “shoe problem” asks “Whose foot does any given doctrine pinch?,” and it questions the willingness of powerful states to suffer the curbs on sovereignty they deem right and proper for weaker states to endure.

What we need is a more positive approach built around constructive ideas and suggestions for reducing tensions through new forms of transnational cooperation. These efforts should aim specifically to enable developing and least-developed countries to lessen the transaction costs of implementing the TRIPS Agreement and to

\(^{85}\) See Dreyfuss & Lowenfeld, supra note 2, at 293-95; de Koning, supra note 73, at 72 (stressing that “WIPO and WTO should complement and not compete with each other in the short term”).

maximize the potential gains in domestic innovation and in technology transfer that may accrue from higher levels of intellectual property protection.\(^{87}\)

For example, it seems only logical that rights holders devote a share of their expected gains to defraying the costs of enforcing substantive rights in the poorer countries. Government aid to reinforce local intellectual property offices and to fill them with trained personnel will also remain indispensable.\(^{88}\) As I have elsewhere suggested, transnational alliances between small- and medium-sized firms operating in the same industrial sectors seem especially promising, and evidence of the potential benefits to be gained from such alliances was on display in December 1996 at the WIPO Diplomatic Conference on Certain Copyright and Neighboring Rights Questions.\(^{89}\) If, for example, the worldwide alliance of telecommunications interests forged at that Conference could focus its attention on certain problems facing the developing countries, the latter might find it easier to modernize their obsolete PTTs and enter the digital environment more rapidly and at an affordable cost. A recent National Research Council report suggests that this transformation would, in turn, greatly facilitate the acquisition of needed technical knowledge by these countries.\(^{90}\)

Suggestions for still more innovative forms of public-private cooperation have begun to emerge, with a view to providing alternative means of reducing the friction that may otherwise result from the dispute-settlement process. For example, Professor de Koning commends the cooperative and consultative approach that the South-East Asian countries have taken with regard to implementing the TRIPS standards.\(^{91}\) Professors Dreyfuss and Lowenfeld find it logical that rights holders should seek directly to convert so-called "pirates" into authorized, licensed users of their intellectual property.\(^{92}\) Professor David Lange of Duke University has established a foundation to promote case-by-case accommodations of transnational public-private disputes involving intellectual

\(^{88}\) Cf. Gana, supra note 43, at 770.
\(^{89}\) See generally Samuelson, supra note 86.
\(^{91}\) See de Koning, supra note 73, at 75-76.
\(^{92}\) See Dreyfuss & Lowenfeld, supra note 2, at 327.
property rights with win-win outcomes for all the protagonists. Its activities, with particular regard to China, were unveiled at a Conference in Geneva in July 1997, and I look forward to reporting on this initiative in a future article to be co-authored with Professor Lange.93

Therefore, I end this Comment with a plea for patient and cooperative forms of persuasion rather than costly and confrontational forms of international litigation. In this connection, I stress three core principles that all those who want the TRIPS Agreement to succeed should bear in mind.

First, if the developed countries push too hard and too fast, the developing countries and the least-developed countries will find ways to push back. Developing countries will look to the safeguards embodied in articles 7 and 8 of the TRIPS Agreement, and LDCs will invoke the additional safeguards allowing exceptions for hardship (beyond the transitional periods) in the framework WTO Agreement.94

The second core principle is that any victorious dispute-settlement proceeding may, at least in the short- and medium-terms, constitute something of a setback to friendly relations between states in the field of intellectual property law. Rather, as Otten and Wager have stated, the Council for TRIPS “will constitute a forum for consultations on any problems” and the “aim is, whenever possible, to resolve differences between countries without the need for formal recourse to dispute settlement.”95

The third core principle is that compensation has now become the key to the further development of international intellectual property protection in the trade-law environment.96 It follows that states desiring a higher level of protection or enforcement than that afforded by the existing minimum standards cannot substitute complaints about the domestic legal systems of less protectionist countries for further rounds of negotiated compensatory trade concessions of interest to those countries.


94. See TRIPS Agreement, supra note 1, arts. 7, 8; WTO Agreement art. IX; Reichman, TRIPS Component, supra note 78, at 258-61.

95. Otten & Wager, supra note 10, at 411.