INTELLECTUAL PROPERTY PROTECTION THROUGH INTERNATIONAL TRADE

I. INTRODUCTION

The United States role as a leading industrialized nation has diminished with the rise of countries such as Japan and Germany. The United States maintains a leading position in technological and creative works, those areas protected by intellectual property laws. For this reason, the United States desires to protect the intellectual property rights of its citizens.

The United States is concerned about the current status of intellectual property rights in several contexts. Many countries do not protect intellectual property rights to the extent desired by the United States. Intellectual property laws differ from nation to nation, both in scope of protected rights and enforcement. Existing multinational agreements do not effectively protect intellectual property rights of United States citizens and industries in the global market. Furthermore, new areas of high technology are unfolding that do not conveniently fit within existing definitions of intellectual property. The lack of

1. This is particularly true in developing countries which, in many cases either do not have or do not enforce intellectual property rights of other nations. Marshall A. Leaffer, Protecting United States Intellectual Property Abroad: Toward a New Multilateralism, 76 IOWA L. REV. 273, 282-83 (1991). "Developing" countries "generally lack a high degree of industrialization, infrastructure and other capital investment, sophisticated technology, widespread literacy, and advanced living standards among their populations as a whole." Glossary of International Trade Terms, BUS. AM. (Sept. 29, 1986) reprinted in RALPH H. FOLSOM, ET AL., INTERNATIONAL BUSINESS TRANSACTIONS 5 (1991 Doc. Supp.). This definition includes Newly Industrializing Countries, which are "relatively advanced" and whose industrial production and exports have grown rapidly in recent years. Id. at 12.


4. Frank Emmert, Intellectual Property in the Uruguay Round—Negotiating
effective international protection facilitates intellectual property piracy worldwide.  

The United States has addressed inadequate intellectual property protection on two levels. First, the United States is actively promoting increased intellectual property protection through bilateral and multilateral negotiations. Second, the United States employs trade statutes such as Section 337 of the Tariff Act of 1930 and Section 301 of the Trade Act of 1974 to protect United States intellectual property rights. However,

Strategies of the Western Industrialized Countries, 11 Mich. J. Int'l L. 1328-29 (1990). Examples of new technologies causing difficulties include computer software, integrated circuits, biotechnology, and telecommunications. Brian Mark Berliner, Note, Making Intellectual Property Pirates Walk the Plank: Using “Special 301” to Protect United States’ Rights, 12 Loy. LA. Int’l & Comp. L.J. 725, 731 (1990). New technologies such as these simply do not fit within existing intellectual property definitions of patent and copyright; countries must create new definitions to cover these emerging technologies. Like the United States, most countries have encountered this problem, and many have yet to offer protection acceptable the United States. Emmert, supra, at 1329.

5. INTELLECTUAL PROPERTY RIGHTS: GLOBAL CONSENSUS, GLOBAL CONFLICT? 1, 2 (R. Michael Gadbaw & Timothy J. Richards eds., 1988) [hereinafter INTELLECTUAL PROPERTY RIGHTS] (discussing reasons for concern, including: increasing role of intellectual property-based products, development of the global marketplace, ease of intellectual property piracy, cost of research and development, emerging technologies, and the United States trade deficit); Piracy “in its broadest sense is any unauthorized and uncompensated reproduction or use of someone else’s creative intellectual achievement. Emmert, supra note 4, at 1319-20.


9. See infra notes 88-119, 145-69 and accompanying text. See also John H. Barton & Bart S. Fisher, Introductory Note to United States: Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, 102 Stat. 1107 (1988), 28 I.L.M. 15 (1989) (stating that -Section 301 enables the President to impose trade restrictions such as tariffs on countries maintaining discriminatory trade restrictions against the United States to assure market access). The USTR and Congress have recognized that the United States might have to bring these stat-
the use of these statutes has angered and alienated United States trading partners, some of whom contend that such laws violate existing United States commitments.\textsuperscript{10}

The United States advocates bringing intellectual property rights under the protection of the General Agreement on Tariffs and Trade (GATT).\textsuperscript{11} However, this effort faces stiff opposition from developing countries,\textsuperscript{12} who assert that the World Intellectual Property Organization (WIPO)\textsuperscript{13} is the appropriate forum for addressing intellectual property protection.\textsuperscript{14}

This Comment examines these issues in three sections. The first explores intellectual property rights provided by existing multinational agreements and organizations. The second section examines Section 337 and Special 301, including their role in international trade negotiations and agreements. The final section looks at TRIPs proposals from the United States and European Community introduced during the current GATT

\begin{footnotesize}
\footnote{10. For discussion of complaints levied against the United States' use of these statutes, see infra notes 111-35, 161-63 and accompanying text.}


\footnote{12. Spangler, supra note 9, at 245.}


\footnote{14. See, e.g., Jolke Oppewal, GATT: Meanwhile, On Other Fronts . . ., Inter Press Serv., Dec. 4, 1990, available in LEXIS, Nexis Library, INFRES File (stating that developing countries want WIPO to address patent rights); Major Issues and Arguments at Uruguay Round World Trade Talks, Reuter Lib. Rep., Nov. 7, 1990, available in LEXIS, Nexis Library, OMNI File (stating that "[i]ndustrialized nations and developing countries are split as to whether GATT or . . . WIPO . . . should implement an eventual agreement.") [hereinafter Major Issues]; Indian Proposal Says Developing Countries Should Get Patent, Trademark Concessions, 6 Int'l Trade Rep. (BNA) 953 (July 19, 1989) [hereinafter Indian Proposal] (stating that issues beyond the scope of GATT "should be dealt with by the World Intellectual Property Organization").}
\end{footnotesize}
negotiating round. This Comment will demonstrate how Section 337 and Special 301 have been effective tools in international trade negotiations.

II. KEY MULTINATIONAL ORGANIZATIONS AND AGREEMENTS

A. General Agreement on Tariffs and Trade

1. GATT, the Uruguay Round, and Intellectual Property

The General Agreement on Tariffs and Trade (GATT) is the foremost international agreement regulating international trade. Originally intended as a framework for a single round of trade negotiations, GATT rose in place of the International Trade Organization. Over time GATT has evolved to meet the expanding needs of world trade. It has achieved measured success in reducing various forms of trade barriers since its inception. Today the agreement provides a framework for continuing trade negotiations aimed at reducing all forms of trade barriers.

15. Leaffer, supra note 1, at 298. For a list of signatories to the GATT, see TREATY AFFAIRS STAFF, OFFICE OF THE LEGAL ADVISOR, DEPARTMENT OF STATE, PUB. NO. 9433, TREATIES IN FORCE: A LIST OF TREATIES AND OTHER INTERNATIONAL AGREEMENTS OF THE UNITED STATES IN FORCE ON JANUARY 1, 1990 321-22 [hereinafter TREATIES IN FORCE].


17. The Havana Charter, which would have created the International Trade Organization, failed to attract sufficient acceptance to enter into force. OLIVER LONG, LAW AND ITS LIMITATIONS IN THE GATT MULTILATERAL TRADE SYSTEM 1 (1985).


19. GATT members enter into “arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of dis-
In the current Uruguay Round, negotiators are discussing barriers such as agricultural subsidies, and emerging issues such as trade-related investment measures. GATT specifically addresses trade in industrial and agricultural products. Intellectual property rights are not products per se, and GATT members have traditionally not considered them to be a trade issue. Several industrialized nations now seek to provide greater intellectual property protection within the GATT framework. Due to pressure from the United States and other industrialized nations, trade-related intellectual property rights (TRIPs) were formally included in the Uruguay Round of negotiations by the Ministerial Declaration at Punta del Este in 1986.

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21. The GATT Standards Code defines the scope of its coverage: "All products, including industrial and agricultural products, shall be subject to the provisions of this Agreement." Agreement on Technical Barriers to Trade, Mar. 29, 1979, art. 1.3, 18 I.L.M. 1079, 1082.
22. However, the GATT does leave room for application of its principles to intellectual property rights under Article XX. Also referred to as the "necessity clause," it provides that member nations may enact laws and take actions necessary to protect certain areas of trade. Article XX(d) provides exceptions specific to intellectual property. For the text of this provision, see infra note 38.
24. Leaffer, supra note 1, at 300.
25. Punta del Este Ministerial Declaration of the Uruguay Round of Multilateral Trade Negotiations, GATT Doc. Min.Dec. (Sept. 20, 1986) [hereinafter Uruguay Declaration]. The Uruguay Declaration announced its intention to address "trade related aspects of intellectual property rights, including trade in counterfeit goods" in its subjects for negotiation. Id. at 7. Specifically, the Uruguay Declaration stated:

In order to reduce the distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures to enforce intellectual property rights do not themselves become barriers to legitimate trade, the negotiations shall aim to clarify GATT provisions and elaborate as appropriate new rules and disciplines.

Negotiations shall aim to develop a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods, taking into account work already undertaken in the GATT.
Although the Uruguay Round was originally scheduled to
conclude in December 1990, GATT negotiators have yet to
overcome many serious areas of trade dispute. Negotiations
have been constantly slowed by the issue of farm subsidies.
On December 20, 1991, GATT Director General Arthur Dunkel
introduced a comprehensive draft agreement covering each of
the issues addressed in the Round. His proposal has been
met with criticism from all sides, but it has sparked the negoti-
ators into renewed activity.

2. GATT Principles and Goals

The GATT embodies basic principles of world trade. The
most fundamental is multilateralism. Simply stated, world
trade issues and disputes should be discussed and settled
between many nations rather than between individual countries,
thus promoting consensus and uniformity. The GATT embrac-

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

Id.

26. U.S., Others Blame EC for Failure in Brussels to Agree on New Rules
to Govern World Trade, 7 Int'l Trade Rep. (BNA) 1876, 1878 (Dec. 12, 1990)
[hereinafter U.S., Others Blame EC].

27. Business, Congressional Leaders Raise Fear of Protectionism After Failure
of Trade Talks, 7 Int'l Trade Rep. (BNA) 1881 (Dec. 12, 1990) [hereinafter Business, Congressional Leaders]. Talks have continued since a recess in 1990, and
as late as January 1992, United States Trade Representative Carla Hills noted
that the trade talks are continuing “right on track,” but could give no date as
to when the talks would conclude. USTR Hills Calls Uruguay Round ‘Right on

28. U.S., Others Blame EC, supra note 26, at 1876. “Technically, the negotia-
tions went into a recess and the United States delegation played their breakup
in a low-key manner, in hopes of salvaging something during lower-level
meetings that may begin in Geneva next month.” Stuart Auerbach, Trade Talks

29. Draft Agreement Offered by Dunkel Draws Mixed Response; Talks to
Continue, 9 Int'l Trade Rep. (BNA) 38 (Jan. 1, 1992). The EC in particular
objects to the draft agreement's provisions on agriculture. Id.

30. Id. Despite the criticisms, the draft is the only concrete proposal pre-
sented that lays a foundation for further discussion in all discussion groups. As
such, it provides “a useful step forward in the negotiating process.” U.S.
Chamber of Commerce Cites Flaws in Draft GATT Accord; Other Reaction Mixed,

31. K. Blake Thatcher, Comment, Section 301 of the Trade Act of 1974: Its
Utility Against Alleged Unfair Trade Practices by the Japanese Government, 81

32. See Leaffer, supra note 1, at 289. “In general, bilateral agreements tend
The principle of nondiscrimination, as prescribed in its articles describing *most favored nation* status and *national treatment.* Most favored nation status simply means that "[a]ny advantage granted by a GATT Contracting Party to any other country must be granted to all GATT contracting parties." The principle of national treatment requires that member nations treat imported goods in the same fashion as goods produced domestically.

The United States commitment to GATT principles has been questioned over its use of trade sanctions to protect intellectual property holders. United States trading partners argue that Special 301 and Section 337 are discriminatory because they allow the United States to treat individual trading partners "less favourably" than others. The enactment of the Omnibus Trade Act of 1988 raises serious questions as to whether these trade statutes now violate GATT Article III, or whether the changes fall within the GATT Article XX(d) exceptions. This issue is addressed in Part III of this Comment.
B. WIPO and the United Nations

WIPO is the primary multinational assembly devoted to intellectual property issues.39 Established in 1967,40 it is now a specialized agency within the United Nations.41 WIPO, unlike the GATT, is specifically aimed at the specialized areas of patent, copyright, and trademark protection.42 Thus, arguably, it is ideally suited for standardizing and regulating international definitions of intellectual property rights.43 Among its more significant responsibilities, WIPO is secretariat for many major international intellectual property agreements.44 WIPO monitors adherence to these agreements, including the Berne Copyright Convention45 and the Paris Convention.46 However, outside of copyright protection, WIPO is of little practical use in

[N]othing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures: . . . (d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of Article II and Article XVII, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices; . . . .

GATT, supra note 11, art. XX(d).

39. For an overview of WIPO, see Emmert, supra note 4, at 1337-39; and Michael K. Kirk, WIPO’s Involvement in International Developments, 50 ALB. L. REV. 601 (1986).

40. WIPO Treaty, supra note 13.

41. Leaffer, supra note 1, at 292, 293.

42. See generally WIPO Treaty, supra note 13.


44. See generally, WIPO Treaty supra note 13. For a detailed list of agreements under the authority of WIPO, see Emmert, supra note 4, at 1338-39.


protecting intellectual property rights for two reasons: it lacks meaningful enforcement provisions such as are found in the GATT, and its defined minimum standards for protection fall short of modern requirements. Improvement in these areas is unlikely under WIPO because developing countries control the policies and agenda of the United Nations agency.\(^4\)

1. Berne Convention

WIPO monitors adherence to the Berne Convention,\(^4\) the premier international agreement defining copyright protection.\(^5\) Originally concluded in 1886,\(^1\) the Convention has since evolved through six major amendment processes and revisions, the most recent occurring in 1971.\(^5\) The United States

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47. Dettmann, *supra* note 2, at 357 (noting lack of adequate enforcement provisions in WIPO and its conventions); Leaffer, *supra* note 1, at 293 (noting the lack of standards or “substantive norms” in existing conventions). For a discussion of minimum standards in WIPO, see Emmert, *supra* note 4, at 1340–44 (discussing national treatment, right of priority, terms of protection, and limits to compulsory licensing).

48. The United Nations groups nations into four economic classes: developed market economies, socialist countries of Eastern Europe, socialist countries of Asia, and developing countries and territories. THOMAS HOVET, JR., *ANNUAL REVIEW OF UNITED NATIONS AFFAIRS: A CHRONOLOGY AND FACTBOOK OF THE UNITED NATIONS 1941–1985* 311 (7th ed. 1986). In WIPO, developing countries outnumber developed market economies by nearly three to one. Compare the signatories of WIPO listed in *TREATIES IN FORCE*, *supra* note 15, at 332, with HOVET, *supra*. Thus, in the UN and in UN agencies, developing countries effectively set policy through sheer strength of numbers.


52. Winter, *supra* note 6, at 329. These include:

1. Berne Copyright Union Item B-1 Paris Additional Act and Interpretive Declaration, May 4, 1896, 3 CLTW (incorporating minor amendments which could be either accepted or rejected by member countries, thus creating several copyright unions as opposed to the Berne Convention’s original goal of one);

2. Berne Copyright Union Item C-1 Berlin Convention, Nov. 13, 1908, 3 CLTW (incorporating the previous texts into a single text, and providing for a minimum protection level for authors);

3. Berne Copyright Union Item E-1 Rome Convention, June 28, 1928, 3 CLTW (adding moral rights and radio broadcasting rights to the Convention);

4. Berne Copyright Union Item F-1 Brussels Convention, June 26, 1948, 3 CLTW (consolidating the achievements of Berlin and Rome and reflecting a desire to attract a larger number of nations by balancing authors’ rights against various users’ interests);
adopted the Convention on October 31, 1988, joining over 70 other members.  

The Convention sets forth fundamental concepts in copyright protection. First, it requires that member states recognize national treatment in assigning copyrights. Second, member states are required to provide automatic protection; in other words, states must recognize copyrights of other members without requiring rigorous formalities or preconditions for protection. Third, the Convention's copyright protection is independent of national protection. “This principle eliminates the need for any reference to the law of the country of origin because an author no longer has to meet the formality requirements in that country in order to get protection in another Berne Union state.”

The Convention extends significant copyright protection through high minimum standards. The minimum term of protection is the author's life plus 50 years, unless the work is anonymous or pseudonymous, in which case protection expires

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5. Berne Copyright Union Item G-1 Stockholm Act, July 14, 1967, 3 CLTW (giving special rights to developing countries, and adding new amendments related to the creation of the WIPO);
6. Berne Copyright Union Item H-1 Paris Act, July 24, 1971, 3 CLTW (shifting the emphasis of the Convention back toward developed nations and authors' rights).

For a complete discussion of the various revision conferences, see Stanton, supra note 50, at 156–62.

54. For a list of these countries, see TREATIES IN FORCE, supra note 15, at 298–99.
55. Berne Convention, supra note 45, art. 5(3).
56. Id. art. 5(2). The United States requires certain formalities and conditions before granting a copyright, such as notice and registration. 17 U.S.C. §§ 401–411 (1982). Since its adoption of the Berne Convention, however, the United States may not require foreigners to meet these formalities. See Stanton, supra note 50, at 173.
57. Id., at 168.
58. “Every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression” is protected by the Berne Convention. Berne Convention, supra note 45, art. 2, § 1. For a thorough discussion of the Berne Convention, see Paul Katzenburger, General Principles of the Berne and the Universal Copyright Conventions, in 11 STUDIES IN INDUSTRIAL PROPERTY AND COPYRIGHT LAW: GATT OR WIPO? NEW WAYS IN THE INTERNATIONAL PROTECTION OF INTELLECTUAL PROPERTY 45 (Friedrich-Karl Beier & Gerhard Schricker eds., 1989).
50 years after the work is lawfully made available to the public. Among the exclusive rights are the rights to translate, broadcast, perform, make reproductions, and make adaptations and arrangements of the work. Even after the economic rights are sold or licensed, the author is protected from distortion or mutilation of his work which would be prejudicial to his honor or reputation.

2. Universal Copyright Convention

The United Nations, not WIPO, maintains the Universal Copyright Convention (UCC). It establishes lower minimum standards than those of the Berne Convention. In theory, these minimum standards provide adequate and effective copyright protection. The UCC provides reproduction, public performance and broadcast rights for the author, and a minimum term of 25 years from the date of first publication, or for the life of the author plus 25 years. The UCC provides limited exceptions for developing countries.

The UCC follows principles similar to those of the Berne Convention. The UCC accords members national treatment,
thus covering nationals or domiciliaries of member countries.\textsuperscript{72} It requires very little in the way of formalities; however, member countries may establish, require, and enforce formalities.\textsuperscript{73} The UCC provides protection for literary, scientific, and artistic works, including writings, musical, dramatic and cinematographic works, and paintings, engravings and sculpture.\textsuperscript{74} The United States thus joined the Berne Copyright Convention due to the lack of minimum standards under the Universal Copyright Convention, as well as the desire to promote stronger copyright protection internationally.

3. Paris Convention

Outside of copyright, the Paris Convention\textsuperscript{75} is the primary international agreement designed to protect intellectual property rights.\textsuperscript{76} Signed by the United States on May 30, 1887,\textsuperscript{77} the Convention ostensibly provides protection for patent, trademark, and industrial design.\textsuperscript{78} However, the Convention has failed to adequately safeguard these rights due to its lack of enforcement procedures, and because it allows its signatories to maintain inconsistent national laws.\textsuperscript{79}

The Paris Convention includes principles similar to those of the GATT and the Berne Convention. For example, the Paris Convention emphasizes national treatment.\textsuperscript{80} Yet, although each member country must afford foreigners the same treatment provided its own citizens, this means very little in those countries which provide little or no protection for their own citizens.\textsuperscript{81} Perhaps the most useful aspect of the Paris Conven-

\textsuperscript{72} Id. art. II.
\textsuperscript{73} Id. art. III.
\textsuperscript{74} Id. art. I.
\textsuperscript{75} Paris Convention, supra note 46.
\textsuperscript{76} INTELLECTUAL PROPERTY RIGHTS, supra note 5, at 49.
\textsuperscript{78} See generally Paris Convention, supra note 46.
\textsuperscript{80} Paris Convention, supra note 46, arts. 2, 3.
\textsuperscript{81} Leaffer, supra note 1, at 294. In addition, the treaty does not provide
tion is that it establishes a *right of priority* in article 4. Under this provision, when a patent or trademark is registered in one member country, the person claiming protection has six to twelve months to file in other countries, during which time the date of the patent or trademark is the same date as the original.

The Convention establishes minimum standards for patent and trademark protection. However, the minimum standards created by the Convention are so far below those of the United States that they offer no significant protection for American rights abroad. Further, the Paris Convention does not require member nations to enact uniform laws protecting intellectual property within their own borders. The Convention also lacks adequate enforcement provisions. The International Court of Justice (ICJ) hears disputes over interpretation or application of the Convention. However, member states may choose not to submit to this jurisdiction.

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82. This article provides:

Any person who has duly filed an application for a patent, or for the registration of a utility model, or of an industrial design, or of a trademark, in one of the countries of the Union, or his successor in title, shall enjoy, for the purpose of filing in the other countries, a right of priority during the periods hereinafter fixed.


83. *Id.* art. 4(C)(1).

84. *See* Emmert, *supra* note 4, at 1343–44.

85. "The Convention establishes, of course, some further minimum rights which apply to nationals of the Union, but the Convention nevertheless leaves to national legislators great discretion how to protect industrial property rights." Kunz-Hallstein, *supra* note 79, at 79.

86. Article 28, paragraph 1 provides, "Any dispute ... concerning the interpretation or application of this Convention ... may ... be brought before the International Court of Justice ..." Paris Convention, *supra* note 46, art. 28(1). *See also* Kunz-Hallstein, *supra* note 79, at 88.

87. Article 28 further provides, in paragraph 2,

Each country may, at the time it signs this Act or deposits its instrument of ratification or accession, declare that it does not consider itself bound by the provisions of paragraph (1). With regard to any dispute between such countries and any other country in the Union, the provisions of paragraph (1) shall not apply.

Paris Convention, *supra* note 46, art. 28(2). Of these, 72 states have submitted, while 26 have not. Kunz-Hallstein, *supra* note 79, at 88, citing Note prepared by the International Bureau of WIPO, *Existence, Scope and Form of Generally Internationally Accepted and Applied Standards/Capital Norms for the Protection*
III. UNITED STATES TRADE STATUTES

The United States employs two statutory weapons in the fight against unfair trade practices. Congress enacted Section 337 of the Tariff Act of 1930 to reduce "unfair practices in import trade."88 Section 301 of the Trade Act of 1974 was enacted to open markets for United States goods.89 The Omnibus Trade and Competitiveness Act of 1988 amended both of these statutes.90 The United States employs these trade statutes as bargaining chips in bilateral and multilateral negotiations aimed at reducing foreign barriers to trade and reducing unfair trade practices. However, United States trading partners view this use of the statutes critically.91

Continued use of these statutes may be justified for several reasons. First, when a foreign infringer imports its product into the United States, United States companies lose a share of that market.92 Second, United States companies lose a share of the market within the infringing country.93 Third, products from

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91. See, e.g., Foreign Trade: China, India, and Thailand Named in First Priority Foreign Country List, 42 Pat. Trademark & Copyright J. (BNA) 7 (May 2, 1991) (China and India object to being named priority foreign countries under Special 301; EC objects to being named to priority watch list); Foreign Trade: USTR Proposes Changes in U.S. Patent Enforcement System Under Section 337, 39 Pat. Trademark & Copyright J. (BNA) 259 (Feb. 8, 1990) (noting that "Section 337 has been a point of contention with U.S. trading partners for some time," and the EC's objection to United States use of Section 337, specifically referring to GATT Panel Report on Section 337).
92. Intellectual Property Hearings, supra note 3, at 33 (statement of Carla A. Hills, United States Trade Representative).
93. Id.
the infringing country take markets away in countries in which the infringing country and the United States trade.

The effect of such unfair trade practices on the United States economy is substantial. The United States has lost billions of dollars due to intellectual property piracy. As long as intellectual property piracy continues unabated, the United States will continue to lose jobs and billions of dollars. Thus, the United States has taken a firm stance on intellectual property protection.

A. Section 337 of the Tariff Act of 1930

1. Background

After the 1988 OTCA, Section 337 is "[o]ne of the most effective remedies available to domestic innovators to protect against unfair trade practices . . . ." Specifically, it is intended to strike back at the importation of articles into the United States which infringe valid intellectual property rights. It protects patents, copyrights, trademarks, and mask works. Section 337 provides relief in the form of exclusion orders and cease and desist orders.

Congress substantially modified the Tariff Act with the Omnibus Trade and Competitiveness Act of 1988 (OTCA). The current incarnation of Section 337 substantially eases the burdens on a complainant bringing an action against importers of infringing products. All that complainants must show under Section 337 is infringement of a valid intellectual property right

94. Id.
95. For counter-arguments to the impact of an intellectual property rights agreement, see 136 CONG. REC. S17,413.
99. Id. See also Thomas G. Benneche, Comment, Perspectives on United States-Japan Trade Relations, 10 SUFFOLK TRANSNAT'L J. 119, 137 (1986).
100. 19 U.S.C. § 1337(d)-(f). See also Bally Midway Mfg. Co. v. United States Int'l Trade Comm'n., 714 F.2d 1117 (Fed. Cir. 1983) (recognizing the authority of the ITC to issue exclusion or cease and desist orders, although such orders are not effective unless and until the President has approved it.)
in a United States industry. In addition to easing the burden of proof, the amended law now provides protection for a broader range of persons through its definition of domestic industry. This law has been met with widespread criticism from our trading partners, and has even been challenged more than once before a GATT tribunal. Nonetheless, it remains an important enforcement mechanism, as well as a valuable bargaining chip in the current GATT negotiating round.

2. Procedures and Operation

The procedure for bringing an action under Section 337 is relatively straightforward. Private citizens may petition for a hearing to the International Trade Commission (ITC). An administrative law judge then holds a preliminary hearing on the merits of the case. The ITC may then adopt the administrative law judge's decision in whole, in part, or not at all, and recommend relief. This relief may take the form of an exclusion order or a cease and desist order. After the ITC rules on the case, the matter goes to the President. If the President approves of or fails to act on the recommendation, the

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105. 19 U.S.C. § 1337(b)(1) (1992); 19 C.F.R. 210.10 (1992). The United States International Trade Commission (ITC) is a quasi-judicial agency established by Congress with broad investigative powers in trade. The ITC makes determinations of injury and threat of injury by imports to United States industry. The ITC also gathers and analyzes trade data, which it provides to the President and Congress as part of the information on which United States trade policy is based. UNITED STATES INTERNATIONAL TRADE COMMISSION, PUB. 2490, ANNUAL REPORT 4 (1991).
106. 19 C.F.R. §§ 210.41(e), .53.
107. 19 C.F.R. § 210.56.
decision becomes final and appealable to the Federal Circuit
Court of Appeals, and from there to the Supreme Court. Should the President disapprove of the decision, the matter is
final and no appeal is allowed.

The OTCA made significant changes to the substance of
Section 337. Before the 1988 amendments, complainants were
required to show a substantial injury to a domestic industry as
a result of unfair trade practices or intellectual property in-
fringement. With the 1988 amendments, Congress removed
the substantial injury requirement: assuming that a domestic
industry is present, the complainant must merely show an
infringement of a valid intellectual property right. By re-
moving this burden, the costs associated with bringing a Section
337 action are much lower, thus benefitting complainants.

In addition to removing the substantial injury requirement,
the 1988 amendments broaden the meaning of domestic indus-
try. Prior to the 1988 amendments, to be considered a domestic
industry, complainants had to show that they were engaged in
the production of goods protected by a valid intellectual prop-
erity right. Reacting to judicial decisions, Congress has extend-
ed protection to industries which are not engaged in production.
Under the amended Act,

an industry in the United States is considered to exist
if there is in the United States, with respect to the
articles protected by the patent, copyright, trademark
or mask work concerned— (A) significant investment in
plant and equipment; (B) significant employment in
labor or capital; or (C) substantial investment in its
exploitation, including engineering, research and de-

111. 19 C.F.R. § 210.71.
112. See 19 U.S.C. § 1337(a) (1971); Textron Inc. v. Int'l Trade Comm'n, 753
F.2d 1019 (Fed. Cir. 1985) (arguing the recognized principle that independent
proof of a distinct injury is required to establish a Section 337 action).
113. Hyundai Electronics v. Int'l Trade Comm'n, 899 F.2d 1204 (Fed. Cir.
1990) (recognizing that the requirement of substantial injury was no longer nec-
essary according to the amendments to Section 337 found in the Omnibus Trade
114. Clark, supra note 103, at 1169.
1983) (recognizing that in order to constitute an 'industry . . . in the United
States,' the patent must be exploited by production in the United States).
velopment or licensing.\textsuperscript{116}

Thus, universities and others not actively engaged in production are protected under the amended statute provided they license or otherwise exploit their rights in the United States.\textsuperscript{117} However, the new definition does not go so far as to make the mere sale or ownership of a protected right the equivalent of a domestic industry.\textsuperscript{118}

3. GATT Conflict

The GATT Council has handed down two important decisions regarding Section 337. The GATT Panel considered Section 337 prior to the 1988 OTCA changes in \textit{Automotive Spring Assemblies}.\textsuperscript{119} The Panel determined that Section 337 did not violate the necessity clause embodied in Article XX(d)\textsuperscript{120} under the specific circumstances of the complaint.\textsuperscript{121} Going beyond the facts of the complaint, the Panel also considered potential use of Section 337 in future patent infringement cases.\textsuperscript{122} The Panel determined that, in some instances, use of Section 337 might not be necessary under the terms of Article XX(d), and that “such use would be subject to other relevant provisions of the General Agreement.”\textsuperscript{123} Thus, the panel report did not preclude the possibility that other applications of Section 337 could violate Articles III and XX.

The Panel observed that “certain elements” of Section 337 “appeared to be out of place in legislation used for the protection of private patent rights.”\textsuperscript{124} The Panel noted that the language of Section 337 dealing with unfair methods of competition and unfair acts\textsuperscript{125} “might be capable of being widely interpreted and might be misconstrued as to their precise scope,

\textsuperscript{117} Clark, \textit{supra} note 103, at 1185.
\textsuperscript{118} Barton & Fisher, \textit{supra} note 25, at 24.
\textsuperscript{120} \textit{Id.}
\textsuperscript{121} \textit{Id.} at 26. In this case, [describe].
\textsuperscript{122} \textit{Id.}
\textsuperscript{123} \textit{Id.} at 27.
\textsuperscript{124} \textit{Id.} at 28.
\textsuperscript{125} 19 U.S.C. § 1337(a).
purpose and application." The Panel also recognized that the injury requirement of Section 337 benefitted the respondent, but could not be considered an essential element in patent-based cases. The Panel further noted that United States patent holders could bring action through the ITC, civil court, or both. In regard to this system of dual procedure, the Panel suggested "that there might be merit in consideration being given to simplifying and improving the legal procedures for patent infringement cases."

In November 1988, a GATT Panel held that the amended Section 337 violated provisions of the General Agreement. In Section 337 Report, the European Community (EC) brought a complaint under GATT against the United States alleging that Section 337 violated Article III and did not fall within the Article XX(d) exceptions. In its report, the Panel determined that Section 337 discriminated against foreign companies in violation of GATT.

The GATT Panel found several areas in which Section 337 discriminated against foreign entities. First, ITC proceedings have "relatively short and fixed time limits" under Section 337, but in federal district court, "no fixed time limits apply." Thus, the United States complainant, who has no time limit in investigating and preparing a case, has a significant advantage over the alleged infringer, who must prepare an answer within the strict time constraints. Second, unlike parties in federal

126. Id.
127. Id. Recall that the 1988 OTCA amendments removed the injury requirement, thus eliminating any such benefit to the respondent.
129. Id.
132. Id.
133. Id. ¶ 5.19. The ITC is required to make a determination within one year, or, if unusually complicated, 18 months. 19 U.S.C. § 1337(b)(1).
134. Respondents have only 20 days from date of service of the complaint to
district courts, defendants in Section 337 actions may not raise counterclaims against American complainants.\textsuperscript{135} Third, the remedies available under Section 337 actions are more severe than those in domestic complaints. Specifically, exclusion orders by the ITC are automatically enforceable by the customs service, unlike domestic injunctions.\textsuperscript{136} Fourth, foreign defendants are potentially subject to double proceedings: one before the ITC and another before a district court. Domestic defendants may only be challenged in federal district courts.\textsuperscript{137} The GATT Panel found these distinctions discriminatory in that they treat foreign infringers "less favourably" than domestic infringers, and thus violate Article III.\textsuperscript{138}

The Panel went on to hold that Section 337 does not meet the requirements of the Article XX(d) necessity clause exception.\textsuperscript{139} The Panel determined that the strict time constraints imposed under Section 337 actions, as well as the lack of counterclaims, were not necessary in the absence of comparable time constraints in federal district courts.\textsuperscript{140} However, the Panel accepted the United States argument defending the use of \textit{in rem} exclusion orders. It conceded that, under certain circumstances, general and limited \textit{in rem} exclusion orders may be appropriate.\textsuperscript{141}

In the final analysis, however, the Panel Report is not favorable to the United States. The Panel ultimately found that

\begin{footnotesize}
\begin{enumerate}
\item[135] SECTION 337 REPORT, supra note 131, \S 5.19.
\item[136] \textit{Id.} However, the exclusion order must pass Presidential authority. 19 U.S.C. \S 1337(j) (1992).
\item[137] SECTION 337 REPORT, supra note 131, \S 5.19.
\item[138] \textit{Id.}, \S 5.20.
\item[139] \textit{Id.}, at \S 6.3.
\item[140] \textit{Id.}, \S 5.34. The Panel distinguished between \textit{preliminary} actions to protect the complainant's interests, and the \textit{conclusion} of section 337 proceedings. \textit{Id.}
\item[141] \textit{Id.}, \S\S 5.31, 5.32. The Panel noted that "the limited \textit{in rem} order applying to imported products can thus be justified . . . as the functional equivalent of an injunction enjoining named domestic manufacturers." \textit{Id.} \S 5.32. Although without functional equivalent in federal district courts, the Panel conceded that "there could sometimes be objective reasons why general \textit{in rem} exclusion orders might be 'necessary' in terms of Article XX(d) . . . ." \textit{Id.} The Panel noted, however, that the United States could comply with article III(4) "by providing for the application in like situations of equivalent measures against products of United States origin." \textit{Id.}
\end{enumerate}
\end{footnotesize}
Section 337 of the United States Tariff Act of 1930 is inconsistent with Article III:4, in that it accords to imported products challenged as infringing United States patents treatment less favourable than the treatment accorded to products of United States origin similarly challenged, and that these inconsistencies cannot be justified in all respects under Article XX(d).\textsuperscript{142}

The United States hesitated to accept the decision. After months of delay, the legitimacy of the report was recognized. To date, however, no change has been made in Section 337 to bring it into conformity with the GATT. Instead, the United States has linked modification or removal of Section 337 to the successful conclusion of the Uruguay Round.\textsuperscript{143}

B. Special 301

1. Background

The 1988 Omnibus Trade Act amended Section 301 of the 1974 Trade Act to create Special 301.\textsuperscript{144} This statute requires the United States Trade Representative (USTR) to retaliate against countries that "deny adequate and effective protection of intellectual property rights" or "deny fair and equitable market access to United States persons that rely upon intellectual property protection."\textsuperscript{145} Special 301 is a significant threat of unilateral retaliation against countries that have inadequate or no intellectual property protection. As such, Special 301 is a useful tool in intellectual property negotiations with other countries.

2. Procedures and Operations

The USTR is required each year to identify foreign countries that deny adequate and effective protection of intellectual

\textsuperscript{142} Id., ¶ 6.3.

\textsuperscript{143} Foreign Trade: Changes to Section 337 Procedures Will Depend on Results of Uruguay Round, 40 Pat. Trademark & Copyright J. (BNA) 131 (June 7, 1990).


property rights, or that deny fair and adequate access to United States citizens who rely on intellectual property protection.\textsuperscript{146} Special 301 then directs the USTR to make a list of \textit{priority foreign countries}, countries that have the most onerous or egregious acts, policies or practices that deny intellectual property rights or market access, and have the greatest adverse economic impact on United States products.\textsuperscript{147} However, the USTR may not designate as priority foreign countries those countries that have entered into good faith negotiations or made significant progress in bilateral or multilateral negotiations to provide adequate and effective protection of intellectual property rights.\textsuperscript{148} The USTR must consult with other branches of the government in order to compile this list.\textsuperscript{149}

The USTR is then required under Section 302 to conduct an investigation of the offending country within 30 days.\textsuperscript{150} The USTR is given six to nine months to investigate the acts, practices, and policies of the offending countries.\textsuperscript{151} Prior to making a final determination, the USTR engages in consultation, including "an opportunity . . . for the presentation of views by interested persons."\textsuperscript{152} The USTR is required to provide notice in the Federal Register of any final determinations.\textsuperscript{153}

After an affirmative determination that a country has violated Special 301, two basic courses of action are available. First, the USTR may immediately retaliate, subject to the direction of the President.\textsuperscript{154} This can include removal of trade concessions and imposition of import restrictions or duties.\textsuperscript{155} Aside from outright retaliation, the USTR may opt to negotiate for a bilateral agreement with the offending country that would eliminate the subject of the action.\textsuperscript{156}

\begin{footnotes}
\item[146] 19 U.S.C. § 2242(b).
\item[149] These branches include the Register of Copyrights, the Commissioner of Patents and Trademarks, and other government officials. 19 U.S.C. § 2242(b)(2)(A).
\item[152] 19 U.S.C. § 2414(b)(1).
\item[153] 19 U.S.C. § 2414(c).
\item[154] 19 U.S.C. § 2411(a)(1).
\item[156] 19 U.S.C. § 2411(c)(1)(A)-(B).
\end{footnotes}
As an alternative to retaliation, the USTR may enter into bilateral negotiations in order to improve intellectual property protection in such countries. If the negotiations fail to show any improvement or success, the USTR is required to retaliate against the offending nations. The USTR can increase duties or impose other restrictions on imports. The grave nature of the USTR's authority is tempered in two respects: the USTR has the discretion to forego these investigations if they would be detrimental to the economic interests of the United States, and the USTR has the discretion of choosing the form of retaliation, if any.

3. Use as a Negotiating Tool

Short of outright retaliation, Special 301 is quite effective as a bilateral negotiating device. As previously described, the United States is currently engaged in bilateral and multilateral negotiations aimed at improving international intellectual property protection. The mere threat of retaliation by Special 301 is often sufficient to maneuver foreign countries to accede to the United States wishes. Further, it is a significant bargaining chip in the Uruguay Round of trade talks. When a multinational agreement is reached which is satisfactory to the United States, Section 301, as well as Section 337, will likely be surrendered or modified in implementation legislation.

158. 19 U.S.C. §§ 2411(a), 2414(a).
162. "The bed-rock of the underlying strategy of [Special and Super 301] is negotiation (bilateral or multilateral) rather than retaliation, though the latter may be used as a last resort." Intellectual Property Hearings, supra note 3, at 73 (statement of Ralph Oman, Register of Copyrights).
163. For a thorough list of countries that have improved intellectual property protection through bilateral negotiations with the United States, see Intellectual Property Hearings, supra note 3, at 93–94 (Fact Sheet: "Special 301" on Intellectual Property, document submitted by the Office of the United States Trade Representative).
164. The United States has linked the reform of Sections 301 and 337 to multinational reform of intellectual property rights. See generally Bello & Holmer, supra note 130. See also Foreign Trade: Changes to Section 337 Procedures Will Depend on Results of Uruguay Round, 40 Patent, Trademark & Copyright J. 131 (June 7, 1990).
as were United States copyright laws upon adoption of the
Berne Convention.165

The Bush Administration has implemented Special 301 somewhat differently than intended by Congress. In 1989, the
USTR identified no priority countries under Special 301.166
Instead, the USTR established a watch list of twenty-five
countries “whose practices deserve special attention.”167 Eight
countries, Brazil, India, Republic of Korea, Mexico, People’s
Republic of China, Saudi Arabia, Taiwan, and Thailand, were
placed on a priority watch list.168 The USTR stated that these
countries could meet the statutory criteria for priority country
identification, but that they were making progress in bilateral
or multilateral negotiations aimed at improving intellectual
property protection.169 The other seventeen countries were
placed on a watch list and given twelve months to “resolve
problems associated with inadequate intellectual property
protection or barriers to market access.”170 By creating the
additional watch lists, the USTR effectively circumvents the
mandatory retaliation provision of Special 301,171 giving the

165. See, e.g., Berne Convention Implementation Act of 1988, Pub. L. No. 100-
166. Intellectual Property Hearings, supra note 3, at 48 (statement of Carla
A. Hills, United States Trade Representative).
167. Id.
168. Id.
169. Id. at 92 (Fact Sheet: “Special 301” on Intellectual Property, document
submitted by the Office of the United States Trade Representative). These
countries were given 150 days under an accelerated action plan before being
reviewed again. Id. Republic of Korea, Taiwan, and Saudi Arabia were subse-
quently moved from the priority watch list to the lesser watch list. Id. at 85
(Hills Announces Results of Special 301 Review, document submitted by the
Office of the United States Trade Representative (Nov. 1, 1989). Likewise,
Mexico and Portugal have been removed from the secondary watch list. Foreign
Trade: Hills, Citing Significant Progress, Names No Countries under ‘Special
301,’ 40 Pat., Trademark & Copyright J. (BNA) 9 (May 3, 1990).
In 1991, India, People’s Republic of China, and Thailand were the first
countries designated priority countries. China, India, and Thailand Named in
First ‘Priority Foreign Country’ List, 42 Pat., Trademark & Copyright J. (BNA)
7 (May 2, 1991). The EC, Brazil, and Australia were placed on the priority
watch list, and 23 other countries were placed on the secondary watch list. Id.
The USTR began the formal investigation procedures in May 1991 for India and
China. USTR Proposes Determination that China IP Protection is Unreasonable,
170. Id.
USTR and the President more flexibility in trade negotiations with these countries.\textsuperscript{172}

4. Impact on GATT

Special 301 has encountered much the same criticism as Section 337. Opponents of Special 301 object to the unilateral nature of the action.\textsuperscript{173} However, the Bush Administration has shown a clear reluctance to use the retaliatory measures of Section 301, instead preferring to improve intellectual property protection through negotiations.\textsuperscript{174} Thus, the countries object to the threatened use of trade sanctions during negotiations, more than the use of such sanctions.

Trading partners argue that Special 301 is discriminatory. They claim that, because intellectual property is not a "product" under GATT parlance, they do not violate the GATT by exporting infringing products.\textsuperscript{175} Thus, retaliation is discriminatory because imported products are treated differently than domestically produced items. However, domestic products which infringe valid United States intellectual property rights are barred from entering the United States marketplace as much as foreign infringing products. Because United States plaintiffs are often unable to find relief outside of the United States, such retaliatory measures could be necessary in the absence of cooperation by offending countries.

IV. THE URUGUAY DEBATE

A. United States Objectives

The United States has presented two preliminary suggestions and a draft agreement to the Negotiating Group on TRIPs. The First Suggestion, dated October 19, 1987,\textsuperscript{176} and Revised Suggestion, dated October 13, 1988,\textsuperscript{177} discuss in a broad manner the problems with international protection of intellec-

\textsuperscript{172} Id.
\textsuperscript{173} Bello & Holmer, supra note 130, at 272.
\textsuperscript{174} Auerbach, supra note 28, at A1.
\textsuperscript{175} See supra note 39.
\textsuperscript{176} Suggestion by the United States for Achieving the Negotiating Objective, GATT Doc. MTN.GNG/NG11/W/14 (Oct. 20, 1987) [hereinafter First Suggestion].
\textsuperscript{177} Suggestion by the United States for Achieving the Negotiating Objective—Revision, GATT Doc. MTN.GNG/NG11/W/14 Rev. 1 (Oct. 17, 1988) [hereinafter Revised Suggestion].
tual property rights, and outline various means of reforming this area of international trade. The Draft Agreement, presented on May 11, 1990,\textsuperscript{178} sets forth a detailed code of protection and enforcement measures. The EC introduced a similar document in March 1990.\textsuperscript{179} These documents condemn the lack of adequate intellectual property protection in the international arena. Further, they espouse similar goals in improving intellectual property protection, and offer comparable methods to enhance protection. The draft agreements substantially correspond to the earlier suggestions, but are couched in the language and form of an intellectual property code.

B. United States Proposals

Enforcement. The United States proposals recognize that existing multinational agreements, such as the Universal Copyright Convention and the Paris Convention, do not adequately address trade losses due to intellectual property piracy.\textsuperscript{180} Because existing conventions were not intended to enforce intellectual property rights, the proposals concentrate on: 1) inadequate international standards (or \textit{norms}) in intellectual property protection; 2) inadequate national protection; 3) the absence of uniform procedures to deal with infringing imports; and 4) the lack of dispute settlement mechanisms.\textsuperscript{181} The proposed agreement explicitly adopts basic GATT principles of national treatment, transparency, and international cooperation.\textsuperscript{182}

The United States proposals present clear enforcement objectives. Interested persons could themselves bring grievances

\begin{itemize}
  \item \textsuperscript{179} Draft Agreement on Trade-Related Aspects of Intellectual Property Rights, GATT Doc. MTN.GNG/NG11/W/68 (Mar. 27, 1990) [hereinafter EC Draft].
  \item \textsuperscript{180} First Suggestion, supra note 176, at 2. Inadequate international norms and an absence of effective enforcement mechanisms on international obligations leads to trade losses and distortions. In addition, losses due to counterfeiting and piracy throughout international trading systems can not be effectively prevented or policed under existing agreements. \textit{Id.}
  \item \textsuperscript{181} \textit{Id.}
  \item \textsuperscript{182} Draft Agreement, supra note 178, at 3–4. The proposed system emphasizes the principle of non-discrimination, meaning that enforcement of intellectual property rights would be the same for domestic and imported goods. \textit{Id.}, at 3.
\end{itemize}
for intellectual property infringement "against any legal or juridical person or governmental entity." Under this scheme, complainants could petition "Governments to prevent importation of infringing products." When necessary for effective enforcement of intellectual property rights, member nations could bring ex officio action. In actions between member nations, consultation and dispute settlement would be modeled after existing GATT agreements, but would permit members to retaliate against nations allowing production and sales of infringing products. Further, the proposed enforcement procedures would permit the infringing product to be removed from the market pending determination of the suit, in the manner of a restraining or exclusion order.

The revised suggestion introduced due process language, which was subsequently incorporated into the draft agreement. Procedural requirements would include: 1) right to written notice of proceedings; 2) uniform standards to determine a right, whether an imported or locally produced right; 3) prompt, fair, reasonable, and effective means of access to and presentation of articles of evidence; and 4) written decisions regarding the status of intellectual property rights. The proposed agreement would protect confidential information while providing a fair hearing. Each nation would cooperate in the determination of intellectual property rights cases; that is, each member would facilitate the gathering and preservation of evidence. The proposed code provides for judicial review of

183. Revised Suggestion, supra note 177, at 13.
186. First Suggestion, supra note 176, at 3–4; Revised Suggestion, supra note 177, at 17–18.
187. Id. at 16–17. However, the rights owner may be required to post sufficient security to protect the importer in the case of non-infringing goods or activity. Id. at 17; U.S. Draft, supra note 178, at 19.
188. Revised Suggestion, supra note 177, at 13–14; U.S. Draft, supra note 178, at 15. Determinations as to an infringement of an intellectual property right must have a reasonable basis and must be made "without undue delay in a fair and open manner which minimizes interference with legitimate trade. First Suggestion, supra note 176, at 4.
190. Revised Suggestion, supra note 177, at 15.
initial and final judicial decisions and provides for civil reme-
dies and criminal sanctions. Further, to prevent abuse of interim procedures and border enforcement procedures, rights owners can be required to provide security and indemnifica-
tion.

**Standards.** A second target of the United States proposal is the issue of minimum protected rights (labeled "norms" in the original suggestion). Such standards would be based on existing international agreements where adequate. In most areas, however, the United States proposed agreement goes beyond existing agreements, as discussed below. The United States would also include an amendment process to meet the require-
ments of newly developed technologies. Finally, the United States proposed code would contain a self-executing clause requiring member nations to conform their laws to the new agreement.

**Patent.** Patents would receive protection for a period of twenty years from the date of filing. The proposal would allow compulsory licensing only "during . . . a declared national emergency or to remedy an adjudicated violation of antitrust laws." The patent holder would be entitled to compensation for the use of the compulsory license.

**Trademark.** Trademarks would be protected for ten years and be allowed indefinite renewal. The term was originally set at five years, but became ten in the revised suggestion. However, the trademark may be canceled after five years of non-use, a provision that was not addressed in the original

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192. *Id.*, at 19.
193. *Id.*, at 3.
196. *Revised Suggestion*, supra note 177, at 3; *U.S. Draft*, supra note 178, at 10. "A patent shall be granted for all products and processes which are new, useful and unobvious." *Id.* at 9.
197. *Id.*, at 11.
198. *Id.*
suggestion. "Trademarks shall consist of at least any sign, words, including personal names, designs, letters, numerals, colors, the shape of goods or their packaging, provided they are capable of distinguishing the goods or services of one undertaking from those of other undertakings." No compulsory licensing would be allowed. No special requirements, such as size, may be required for the use of the trademark. The draft agreement also provides protection for non-generic appellations of origin for wine.

Copyright. Copyright protection would attach automatically upon creation and would exist regardless of whether published. The proposals explicitly protect economic rights, but make no mention of moral rights. The minimum term for a copyright would be for the life of the author plus fifty years, and would be fifty years for anonymous, pseudonymous, and juridical works. In addition to the economic rights conferred by the Berne Convention, the draft agreement also protects computer programs and all databases. Compulsory licensing would be compensated by royalty payments.

New Technologies. The agreement would explicitly protect two non-traditional areas of intellectual property. The revised suggestion defines trade secret infringement and misappropriation, and provides for full compensation of the owner whose secret has been misappropriated. Protection would last so long as the information is not public knowledge.

201. Id.; U.S. Draft, supra note 178, at 8.
202. Id. at 7.
203. Revised Suggestion, supra note 177, at 6; U.S. Draft, supra note 178, at 8.
204. Revised Suggestion, supra note 177, at 6; U.S. Draft, supra note 178, at 8.
205. Id. at 9.
206. Revised Suggestion, supra note 177, at 8.
207. First Suggestion, supra note 176, at 8. The Draft Agreement provides: "The term of protection of a work whose author is a legal entity shall be no less than 50 years from authorized publication or, failing such authorized publication within 50 years from the making of the work, 50 years after the making." U.S. Draft, supra note 178, at 5.
211. Revised Suggestion, supra note 177, at 9.
Another category is semiconductor chip layout-design protection. This has been an increasingly important issue in recent years with the growth of computers and other advanced electronic devices. The term of protection for this right would be ten years, and reproduction would be allowed for education, analysis and evaluation. Protection would not extend to commonplace designs or designs that are "exclusively dictated by the functions of the circuits to which they apply."

V. CONCLUSION

The United States is committed to increasing the international protection of intellectual property rights. International protection lacks uniformity, both in minimum established rights and in enforcement. As a result, the United States loses billions of dollars each year to intellectual property piracy. The importance of strong protection increases as high technology becomes a more essential element of United States competitiveness. Thus the United States is attempting to persuade its trading partners to adopt stronger and consistent protection.

The United States has focused a great deal of attention to the multinational negotiation process. Where the multinational forum is inadequate, the United States resorts to bilateral negotiations. It is only when the international negotiation process fails to provide adequate protection or show improved protection that the United States resorts to unilateral trade threats or sanctions to protect its citizens. Although the existence of statutes such as Section 337 and Special 301 seem to indicate a willingness of the United States to use unilateral means to achieve its goals, actual use of these provisions suggests otherwise. More often than not, the trade sanction provisions are used to pressure trading partners into increasing their own intellectual property protection. While such use of trade threats may be morally objectionable, it makes a great deal of pragmatic sense. Empirical evidence shows that such influence have been instrumental in the creation of bilateral agreements improving national protection of intellectual property rights.

212. Id. at 11; U.S. Draft, supra note 178, at 11.
213. Id. at 13.
214. Id. at 12.
215. Id. at 12.
The current round of GATT negotiations has laid the framework for a multinational agreement. While not in perfect harmony, the leading industrialized nations are unanimous in their resolve to substantially improve intellectual property protection. While these nations have been blocked by developing countries in United Nations fora, a GATT accord is becoming increasingly likely.

The developing countries have valid reasons to resist change. Under the status quo, developing countries are able to maintain the lack of sufficient standards and enforcement in WIPO treaties. These countries are thus able to engage in technological leapfrog to catch up with industrialized countries economically through inexpensive development and production. A far better solution would be for industrialized countries to provide incentives for developing countries to improve their intellectual property rights. Such incentives could take the form of trade concessions under GATT auspices.

In particular, global consensus on enforcement should be the key goal. The GATT provides an existing foundation for consultation and dispute mechanisms, as well as enforcement procedures. While useful in a pragmatic sense, the United States should reduce its use of trade extortion to achieve its objectives. The benefits to the United States from use of such methods is far outweighed by the universal condemnation by our trading partners. Should the Uruguay Round fail to reach an intellectual property agreement, the United States should take a leading role in the WIPO context. WIPO has made progress recently in new areas of technology, as well as moving towards implementing enforcement measures. The United States should recognize the positive impact of this shift, and encourage its progress.

Brent W. Sadler