

2000

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### Recommended Citation

Susan Scafidi, *Practice Outline: Intellectual Property*, 6 LAW & BUS. REV. AM. 72 (2000)  
<https://scholar.smu.edu/lbra/vol6/iss1/6>

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# Practice Outline: Intellectual Property<sup>1</sup>

*Susan Scafidi\**

In the past five years, international protection of intellectual property has grown from legal fiction to reality. Two interconnected forces lie behind this legal revolution: first, the coalescence of a global information and technology-based economy; and, second, the linking of intellectual property rights with international trade in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

Prior to the GATT negotiations, a series of subject-specific intellectual property treaties purported to protect the movement of intangible ideas across national borders. These international agreements were, for the most part, administered by the World Intellectual Property Organization (WIPO), a branch of the United Nations. Not only did the treaties lack teeth in the form of enforcement provisions, but the technology-exporting "first world" nations also suspected WIPO of being in sympathy with technology-importing nations who favored looser controls. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS),<sup>2</sup> the end product of GATT attention to intellectual property rights, addressed these perceived weaknesses.

The materials that follow offer a roadmap of the current state of international intellectual property law, with particular attention to unresolved issues and developing areas of law.<sup>3</sup>

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1. An earlier version of this outline accompanied "Intellectual Property – What the International Practitioner Needs to Know," a presentation to the International Business Transactions Institute sponsored by the American Bar Association, Section of International Law and Practice, and the Dallas Bar Association, International Law Section, Dallas, Texas, February 11, 2000.

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

3. For greater detail, see FREDERICK ABBOTT ET AL., THE INTERNATIONAL INTELLECTUAL PROPERTY SYSTEM: COMMENTARY AND MATERIALS (1999).

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## I. Sources of International Intellectual Property Law.

Although much of the ongoing development of international intellectual property law remains at the diplomatic level, international organizations and domestic lawmaking are of increasing importance.

### A. TREATIES.

International agreements—TRIPS itself, prior agreements incorporated into TRIPS by reference, and independent agreements—are by far the most important source of international intellectual property law.

#### 1. Major Multilateral Agreements.<sup>4</sup>

##### a. Paris Convention for the Protection of Industrial Property (1883).<sup>5</sup>

More than a single treaty protecting *inter alia* patents, trademarks, and trade secrets, the Paris Convention is the gateway membership organization for a series of related agreements, including the Patent Cooperation Treaty and the Madrid Agreement, discussed below. The International Bureau of WIPO currently administers the Paris Convention, and TRIPS incorporates many of the convention's provisions.<sup>6</sup>

##### b. Patent Cooperation Treaty (1970).<sup>7</sup>

While it is still necessary to obtain patent protection on a national basis, the PCT streamlines the process by creating an International Patent Cooperation Union to facilitate filing in member countries.<sup>8</sup>

##### c. Madrid Agreement Concerning the International Registration of Marks/Madrid Protocol (1891/1989).<sup>9</sup>

The Madrid Agreement allows multinational protection of a domestically registered trademark through a central WIPO filing. The recent supplementary Madrid Protocol was designed to extend the geographic reach of the original agreement by addressing the longstanding concerns of certain non-signatory nations, including the United States.<sup>10</sup>

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4. For additional treaties and full texts, see *INTERNATIONAL TREATIES ON INTELLECTUAL PROPERTY* (Marshall Leaffer ed., 2d ed. 1997).
  5. See Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, available in LEXIS, 1 B.D.I.E.L. 681 [hereinafter Paris Convention].
  6. See, e.g., TRIPS Agreement, *supra* note 2, art. 2.
  7. See Patent Cooperation Treaty, June 19, 1970, available in LEXIS, 1 B.D.I.E.L. 833.
  8. PCT application forms and information are available from the U.S. Patent Office at <<http://www.uspto.gov>>.
  9. See Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891, available in LEXIS, 1 B.D.I.E.L. 761; Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, June 27, 1989, available in LEXIS, 1991 BDIEL AD LEXIS 89.
  10. Although the United States has not yet joined the Madrid Protocol, active negotiations are underway. See, e.g., *Treaties/Trademarks: EU to Consult with U.S. on Any Votes on Trademark Issues under Madrid Protocol*, 59 PAT. TRADEMARK & COPYRIGHT J. (BNA) 606 (Feb. 25, 2000).
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d. Berne Convention for the Protection of Literary and Artistic Works (1889).<sup>11</sup>

The primary source for international protection of copyrightable works, the Berne Convention prompted several recent changes in American law after the U.S. became a signatory in 1989. These changes included the elimination of formalities such as copyright notice and the inclusion of architectural works as a protected category.<sup>12</sup> Berne is currently administered by WIPO, and many of its provisions are incorporated by TRIPS.<sup>13</sup>

e. Agreement on Trade-Related Aspects of Intellectual Property Rights (1995).<sup>14</sup>

TRIPS incorporates many of the substantive protections described in earlier international intellectual property treaties and extends them to all member nations of the World Trade Organization. In addition, TRIPS provides enforcement and dispute settlement mechanisms lacking in earlier international agreements.<sup>15</sup> As of January 1, 2000, all developed and developing member countries were expected to be in compliance with the provisions of TRIPS; least-developed member countries have an additional five years in which to comply.<sup>16</sup>

2. *Bilateral Agreements.*

An extensive network of bilateral trade and/or intellectual property agreements exists between WTO member and non-member nations, as well as between nations outside the WTO.

B. ORGANIZATIONS.

1. *International Fora.*

a. World Intellectual Property Organization.<sup>17</sup>

Established in 1967, WIPO is a specialized branch of the United Nations, and its membership is open to all U.N. members, whether or not they are parties to the various treaties administered by WIPO. Its mission is to promote global protection of intellectual property.

b. World Trade Organization.

Concurrent creation of TRIPS and the WTO provided nations with not only a structure of international intellectual property rights, but also a forum in which to prevent and

11. See Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, available in LEXIS, 1 B.D.I.E.L. 715 [hereinafter Berne Convention].

12. See Copyright Act, 17 U.S.C. § 102 (Subject Matter & Scope of Copyright) (2000); Copyright Act, 17 U.S.C. § 401 (Copyright Notice, Deposit & Registration) (2000).

13. See, e.g., TRIPS Agreement, *supra* note 2, art. 9.

14. See TRIPS Agreement, *supra* note 2.

15. See *id.* art. 64.

16. See *id.* arts. 65 & 66.

17. Useful information and updates for WIPO are available at <<http://www.wipo.org>>.

resolve disputes.<sup>18</sup> The WTO and WIPO have a working agreement to facilitate the sharing of information and administration of international intellectual property agreements.<sup>19</sup>

## 2. *Regional Trade Organizations.*

Regional free trade agreements, in particular through the European Union<sup>20</sup> and later the North American Free Trade Agreement,<sup>21</sup> have extended the process of harmonizing IP protection beyond the minimum provisions of multinational treaties. Similar experiments are occurring in the nations of the MERCOSUR, the Andean Pact, and the Asia-Pacific Economic Cooperation forum.

### C. NATIONAL LEGISLATION AND CASE LAW.

The national treatment provisions of multinational agreements,<sup>22</sup> combined with the lack of international dispute resolution mechanisms for private parties, leaves much of the substance of intellectual property protection in the hands of national courts and legislatures.

### D. CUSTOMARY LAW.

Although customary law is a traditional source of international law, it plays little role in the relatively young and undeveloped field of intellectual property. Be aware, however, that the usual rules for interpretation of treaties—including the body of customary law that the United States has recognized as central to the Vienna Convention—do apply.

## II. Selected Concepts in International Protection.

### A. TERRITORIALITY.

Historically, intellectual property rights (IPRs) have been granted by, and effective in, individual nation-states only. While the European Union has made progress toward regional protection, and treaties such as the PCT and Madrid facilitate the process of obtaining multinational protection, the principle of territoriality uniformly applies.<sup>23</sup> New technologies and the rise of electronic commerce, however, have begun to challenge this model.

### B. NATIONAL AND MOST-FAVORED-NATION TREATMENT.

Rather than engage in extensive negotiation regarding optimum levels of intellectual property protection, the original intellectual property treaties provided for national treatment, or the treatment of nationals of all member countries no differently than a mem-

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18. See TRIPS Agreement, *supra* note 2, arts. 63 & 64.

19. The text of the WIPO/WTO agreement, as well as panel and appellate decisions of the WTO, is available at <<http://www.wto.org>>.

20. See generally Treaty Establishing the European Community, Mar. 25, 1957, 37 I.L.M. 56, 79.

21. See generally North American Free Trade Agreement, Dec. 17, 1992, 32 I.L.M. 605 [hereinafter NAFTA].

22. See, e.g., Paris Convention, *supra* note 5, art. 2; Berne Convention, *supra* note 11, art. 5; TRIPS Agreement, *supra* note 2, art. 3.

23. See, e.g., TRIPS Agreement, *supra* note 2, art. 1.1.

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ber's own nationals.<sup>24</sup> This principle of national treatment survived the addition of specific minimal protections in successive treaty revisions. TRIPS, for example, incorporates most-favored-nation treatment with the principle of national protection, stating that any advantage granted to one signatory nation must be granted to all.<sup>25</sup>

### C. PRIORITY.

Protection of intellectual property is based on its status as a new creation of the human mind, known as originality or an inventive step. Once the embodied idea is no longer new to the world, it no longer qualifies for a grant of protection. As it would be quite difficult to seek protection simultaneously in all desirable jurisdictions, the international protection of intellectual property relies on the legal fiction created by "priority." This principle allows intellectual property initially registered in any member state to claim that initial date of registration in all member states, provided that actual registration follows within a specified period of time.<sup>26</sup>

### D. PARALLEL IMPORTS AND EXHAUSTION OF RIGHTS.

Intellectual property is intangible, existing independently of the material goods in which it is embodied. The IPR holder is able to retain an interest in an item containing an intellectual property component (for example, a book) long after the item has entered the stream of commerce. Should the IPR holder wish, (s)he could allow sales of a paperback book in country A while preventing importation of the same paperback book into country B, where the market for the hardcover version remains robust. The creation of the paperback version was authorized by the IPR holder and does not violate copyright, yet the IPR holder could prevent the sale of this otherwise legitimate item in a particular geographic market. If the paperback book is imported into country B in spite of the IPR holder's wishes, it is known as a "parallel import" or "grey market good."

The doctrine of exhaustion attempts to limit this type of control exercised by the IPR holder in order to facilitate the free movement of goods. There is as yet no international consensus with respect to the doctrine of exhaustion.<sup>27</sup>

### E. SCOPE AND DURATION OF RIGHTS.

Unlike ownership of real or personal property, intellectual property rights expire.<sup>28</sup> Recognizing the tension between belief in free movement of information and a robust public domain on the one hand, and a desire to both incentivize and reward creators on the other, governments agree to protect IPRs for a limited time only. (Trademarks<sup>29</sup> and

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24. See, e.g., Paris Convention, *supra* note 5, art. 2; Berne Convention, *supra* note 11, art. 5; TRIPS Agreement, *supra* note 2, art. 3.

25. See TRIPS Agreement, *supra* note 2, art. 4.

26. See, e.g., Paris Convention, *supra* note 5, art. 4.

27. See TRIPS Agreement, *supra* note 2, art. 6. The United States Supreme Court recently addressed one aspect of parallel imports in the copyright context in *Quality King Distrib., Inc. v. Lanza Research Int'l, Inc.*, 523 U.S. 135 (1998).

28. See, e.g., TRIPS Agreement, *supra* note 2, arts. 12 (copyright) and 33 (patent).

29. See, e.g., *id.*, art. 18.

trade secrets are exceptions to this rule, though their potentially infinite duration is sometimes controversial.) Even during the period of protection, governments often limit the scope of IPRs and permit limited use of otherwise private property.<sup>30</sup> The appropriate duration and scope of protection, particularly in the area of emerging technologies, is the subject of ongoing debate among nations.

#### F. TRANSPARENCY.

In order to facilitate dispute prevention and settlement, TRIPS requires member nations to publish or otherwise make available all laws, decisions, and administrative rulings pertaining to IPRs, as well as any secondary IPR agreements between member nations.<sup>31</sup> In addition, member nations may request this information in writing from one another. Although very few intellectual property cases have been presented to the WTO Dispute Settlement Body, member nations frequently invoke transparency rules in order to examine one another's IPR-related legal activity.

### III. Scope of Protection (and Contested Areas).

#### A. COPYRIGHT.

International intellectual property protection in the area of copyright includes not only traditional literary and artistic works, but also "neighboring rights" in areas such as performances,<sup>32</sup> broadcasts,<sup>33</sup> and perhaps folklore and traditional crafts and designs.<sup>34</sup> Computer software is protected under the rubric of copyright, as are electronic databases and other compilations of information to a limited degree.<sup>35</sup>

The Anglo-American common law of copyright flows from a utilitarian desire to offer appropriate incentives to authors and artists, while the European-based civil law focuses on protection of the author. This difference in the underlying legal principle of protection gives rise to divergent treatment of an author's non-economic "moral rights," an issue of ongoing concern in international law.<sup>36</sup>

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30. See, e.g., *id.* art. 31.

31. See, e.g., *id.* art. 63.

32. See, e.g., *id.* art. 14.

33. See *id.*

34. Among the many articles discussing intellectual property and indigenous rights are Christine Haight Farley, *Protecting Folklore of Indigenous Peoples: Is Intellectual Property the Answer?*, 30 CONN. L. REV. 1 (1997); and Doris Estelle Long, *The Impact of Foreign Investment on Indigenous Culture: An Intellectual Property Perspective*, 23 N.C.J. INT'L L. & COM. REG. 229 (1998).

35. See, e.g., TRIPS Agreement, *supra* note 2, art. 10. The European Union has strengthened database protection through Council Directive 96/9, 1996 O.J. (L 77) 20, and it is expected that other countries will develop similar laws.

36. While the Berne Convention for the Protection of Literary and Artistic Works includes moral rights, *supra* note 11, art. 6(bis), TRIPS specifically excludes moral rights from its scope of protection, *supra* note 2, art. 9.

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#### B. PATENTS/INDUSTRIAL DESIGNS.

Protection of inventions, whether products or processes, lies at the core of patent law. Many countries (including the United States) include plants and non-functional industrial designs within the scope of patent protection, while others offer separate legislative schemes.

The tremendous expansion of the biotechnology industry owes much to expanded patent protection; however, the grant of IPRs with respect to higher organisms, especially elements of the human body, remains extremely controversial. TRIPS allows signatories to exclude such elements from patentability,<sup>37</sup> and many nations—including the members of the European Union—have done so as well.<sup>38</sup>

In addition to the ethical controversies generated by biotechnology patents, digital technology and, in particular, encryption have given rise to national security concerns, especially given the ease of transmission across national borders.<sup>39</sup>

#### C. TRADEMARKS.

Trademarks, trade names, and service marks operate both to convey information to consumers and to protect the goodwill of companies or, in the related case of appellations of origin, geographic regions.

In the international arena, conflicts arise when a trademark owner enters a new market or attempts to prevent alleged infringement of a famous mark in jurisdictions where the mark has never been used or registered. More recently, the debate over “cybersquatting” has raised the issue of whether trademark owners are entitled to control the corresponding Internet domain names.<sup>40</sup>

#### D. TRADE SECRETS.

Undisclosed, protected information of commercial value does not lend itself easily to IPR protection, as registration would eliminate its “secret” character. Although TRIPS does incorporate by reference the unfair competition provisions of the Paris Convention,<sup>41</sup> this area is largely governed by national and local legislation and judicial construction.

#### E. OTHER AREAS.

The global information and technology-based economy has generated a need for new areas of intellectual property protection. Many protections are developing by analogy to traditional areas of intellectual property; others, like databases and integrated circuits, are or may soon be subject to *sui generis* treaty protection.<sup>42</sup>

37. See TRIPS Agreement, *supra* note 2, art. 27.

38. See Council Directive 98/44 on the Legal Protection of Biotechnological Inventions, 1998 O.J. (L 213) 13.

39. Among many articles on digital technology and national security, see generally *Spring Symposium on International Information Infrastructure Protection and National Security*, 9 DUKE J. COMP. & INT'L L. 383 (1999).

40. The Anticybersquatting Consumer Protection Act, signed on November 29, 1999, and codified at 15 U.S.C. § 1125(d), represents an attempt to address this issue through national legislation.

41. See TRIPS Agreement, *supra* note 2, art. 39.

42. See, e.g., TRIPS Agreement, *supra* note 2, arts. 35-38 (protecting layout-designs of integrated circuits).

## IV. Registration and Formalities.

### A. COPYRIGHT.

International norms of copyright protection require neither registration with a central depository—though registration often remains standard procedure—nor formalities such as publication or copyright notice. Instead, protection for a term of years is effective upon tangible expression of the work.<sup>43</sup>

### B. PATENTS AND TRADEMARKS.

Rather than eliminate registration procedures for industrial property, international treaties have centralized and streamlined the process of obtaining multiple national registrations.<sup>44</sup> Substantial cooperation among individual patent offices, in particular those of Japan, the European Union, and the United States, has led to harmonization of procedures beyond the requirements of international treaties.

The United States, however, continues to award patent protection on a first-to-invent basis,<sup>45</sup> rather than following the international first-to-file standard.

## V. International Enforcement and Remedies.

Before the adoption of TRIPS and the application of diplomatic pressure to non-member states, many Western nations considered the rule of law with respect to IPRs in non-Western or developing nations to be inadequate. Today, the battle has shifted from the passage of national legislation to the assurance of education and enforcement. The high cost of IPR enforcement, as well as the persistent argument that intellectual property is a Western legal construction of little value to the rest of the world, is a source of continuing tension.

### A. INTERGOVERNMENTAL ACTIONS.

#### 1. *WTO Dispute Resolution.*

If diplomatic channels and the transparency provisions of TRIPS fail to avert conflict, member nations may resort to the dispute settlement system of the WTO. To date, the only IPR-related complaints have been by the United States and the European Union against India, which initially resisted the patentability of pharmaceutical and agricultural chemicals and has since adopted procedures unacceptable to the complaining countries.<sup>46</sup>

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43. See generally Berne Convention, *supra* note 11.

44. See, e.g., Patent Cooperation Treaty, *supra* note 7; Madrid Agreement Concerning the International Registration of Marks, *supra* note 9.

45. Patent Act, 35 U.S.C. § 102 (2000).

46. WTO Secretariat, *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products*, Report of the Appellate Body, WT/DS50/AB/R (December 19, 1997) <<http://www.wto.org>>.

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## 2. *Unilateral Actions.*

Under section 301 of the Trade Act of 1974, the U.S. Trade Representative is authorized to initiate actions against foreign governments accused of violating U.S. trade interests.<sup>47</sup> In addition, "Special 301" legislation requires preparation of an annual report that identifies countries that do not adequately protect U.S. intellectual property interests.<sup>48</sup> These powers are particularly controversial with respect to WTO member country actions that may fall outside the scope of IPRs guaranteed by TRIPS.

### B. PRIVATE DISPUTE RESOLUTION.

As no international forum exists for the adjudication of private intellectual property disputes, parties are forced to rely upon national courts or, increasingly, arbitration. The recent dispute resolution policies for domain names adopted by the Internet Corporation for Assigned Names and Numbers (ICANN), as administered through designated organizations, are an example of the growing importance of extra-judicial dispute resolution mechanisms.<sup>49</sup>

## VI. Government "Takings" of Intellectual Property Rights.

Even when national governments are part of the solution, they are often part of the problem. All property rights are limited by law to some extent. Because intellectual property relies heavily upon legislation for protection, it is vulnerable to more significant limitations than other types of property. Some of these limitations take the form of a transfer of rights to the government itself or to the public domain, often for irreproachable public policy reasons. While compensation of the IPR holder may follow, unauthorized use of intellectual property may also be characterized as a cost of protection.

### A. COMPULSORY LICENSING.

Prior to TRIPS, as well as similar provisions in NAFTA, national governments often subjected patents on items of great importance to human health or safety—notably pharmaceuticals—to involuntary third party licensing agreements intended to increase availability and/or decrease price. Compulsory licensing may still be considered legitimate, but within much stricter limits.<sup>50</sup>

### B. FAIR USE.

Enrichment of the public domain through rules allowing uncompensated use of portions of copyrighted material or, to a lesser extent, trademarks, is a standard feature of intellectual property systems, and has been ratified in international treaties.<sup>51</sup>

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47. See Trade Act of 1974, 19 U.S.C. § 2411 (2000).

48. See *id.*, § 2242 (2000).

49. The ICANN dispute resolution policy and a list of designated organizations are available at <<http://www.icann.org>>.

50. See TRIPS Agreement, *supra* note 2, art. 31; NAFTA, *supra* note 21, art. 1709(10).

51. See, e.g., Berne Convention, *supra* note 11, art. 10; TRIPS Agreement, *supra* note 2, art. 17 (addressing trademark fair use).

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## VII. Harmonization.

The guiding principle in the internationalization of intellectual property law has been harmonization, the process of creating homogeneous IPRs across national borders with the potential goal of a unified, worldwide intellectual property system. Although this process continues to achieve great benefits in the form of eliminating trade barriers and decreasing costs of protection, its detractors claim that intellectual property protection has surpassed optimum levels and may suppress innovation.<sup>52</sup> From technology-importing countries echoes the claim that ideas and inventions should be the common property of humankind; from the political left in technology-exporting countries comes ethical arguments against the ratcheting up of intellectual property protection. Despite these dissenting voices, the momentum of TRIPS and the increased demands of new technologies indicate a likelihood that harmonization and expansion of IPRs will continue, at least for the present.

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52. For a discussion of appropriate levels of intellectual property protection in the context of databases, see J.H. Reichman and Pamela Samuelson, *Intellectual Property Rights in Data?*, 50 VAND. L. REV. 51 (1997).

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