

Enforcement Tools in the U.S. Government Toolbox to Support Countries' Compliance with Copyright Obligations *

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It's a pleasure to be here. You may be wondering why the Copyright Office is speaking on an enforcement panel, given that trade policy and enforcement matters are handled by other agencies in the U.S. government.

Congress has charged the Copyright Office with providing legal advice on domestic and international copyright matters to both the executive branch and the judicial branch, in addition to our work with Congress.¹ We have expertise in international copyright norms, we provide input on other countries' copyright laws and legislation, we are sensitive to defensive concerns regarding our law and legal system, and we share our views and advice with our colleagues. With intellectual property being part of the trade portfolio, we participate in many various interagency consultations on copyright law developments, including trade actions that involve other countries. At the end of the day, the responsible agency on trade matters—the Office of the U.S. Trade Representative (“USTR”)—has the final say.

Two caveats up front. First, my presentation is not going to address specific politics or geopolitics of trade sanctions, and in that vein, I will not address investment remedies like investor state dispute settlement. Second, I'm not going to speak in much detail to other important trade disciplines where copyright interests certainly may arise, such as services, market access, telecommunications, goods, and small and medium enterprises. Depending on the specific challenges U.S. stakeholders may be facing in other countries, these disciplines also offer possible means of engagement.

My task here is to highlight a few ways the United States uses trade tools to work with other countries to improve their compliance with international copyright norms. I also have a few strategies for advocates to use when working with government officials to help you make your case for effective engagement with other countries on copyright matters.

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1. 17 U.S.C. § 701(b) (2016).

I. STRATEGY 101: TOOLS IN THE TOOLBOX

At the onset, remember that not every dispute has to involve specific dispute settlement mechanisms provided under trade agreements or treaties. Most problems simply do not end up in formal dispute settlement channels or other types of public reviews. Problems are usually resolved bilaterally, country to country.

There are many U.S. government agencies involved in intellectual property rights (“IPR”) matters in Washington and in our embassies abroad. The U.S. Patent and Trademark Office, Commerce Department, and State Department support IP Attachés in ten countries.² Commerce has a website, www.stopfakes.gov, with country-specific information on IPR matters and ways to inform creators and companies doing business abroad about local market conditions. Rights holders and stakeholders have many ways to inform the U.S. government (“USG”) about copyright issues they experience in other countries.

Let’s turn to the various trade tools in the government’s enforcement toolbox.

A. WTO CASES INVOLVING COPYRIGHT

Starting at the top of the trade world is the major multilateral player, the World Trade Organization (“WTO”). Tony Taubman will be describing the work of the WTO in far more detail.³

Twenty years ago, there were fears that the availability of the new Dispute Settlement Understanding (“DSU”) in the Marrakesh Agreement⁴ would unleash massive numbers of cases involving intellectual property (hereinafter “IP”). With respect to copyright cases brought under the TRIPS Agreement,⁵ that fear has not come to pass. To date, there have been seven copyright cases, of which only two involved a report issued by a dispute settlement panel:

The first request for consultations was filed against Japan, regarding protection for preexisting sound recordings there;⁶

2. IP Attachés are based in Belgium, Brazil, Beijing, Guangzhou, Shanghai, India, Kuwait, Mexico, Peru, Russia, Ukraine, Thailand, and Switzerland. *Intellectual Property (IP) Attaché Contact Information*, U.S. PATENT AND TRADEMARK OFFICE (June 17, 2016), <https://perma.cc/9CK2-MN53>.

3. Antony Taubman, *Session III: Issues Concerning Enforcement and Dispute Resolution*, 40 Colum. J. L. & Arts 371 (2017).

4. Understanding on Rules and Procedures Governing the Settlement of Disputes, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, THE LEGAL TEXTS: THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS 354 (1999), 1869 U.N.T.S. 401, 33 I.L.M. 1226 (1994).

5. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, THE LEGAL TEXTS: THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS 320 (1999), 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS].

6. Request for Consultations by the United States, *Japan—Measures Concerning Sound Recordings*, WTO Doc. WT/DS28/1 (Feb. 9, 1996). The European Union filed a similar request against Japan. See Request for Consultations from the European Communities, *Japan—Measures Concerning Sound Recordings*, WT/DS42/1 (May 24, 1996).

Three requests for consultations were initiated against three European countries (Denmark,⁷ Ireland,⁸ and Sweden⁹) regarding the availability of civil *ex parte* remedies in each country;

A request for consultations against Greece and the European Communities¹⁰ was filed on enforcement matters affecting the motion picture and television industries in Greece; and

A panel report was issued on copyright protection and the scope of “piracy on a commercial scale” in China.¹¹

The United States was the demandeur in the above cases.

We have been the defendants in one copyright case under TRIPS—this is the “Section 110(5)” case, also called the “Irish Music” case.¹² Back in 1997, the proposed Fairness in Music Licensing Act (FMLA)¹³ generated a lot of debate about public performance exemptions for small businesses proposed in § 110(5) of the Copyright Act. The U.S. Copyright Office,¹⁴ the U.S. Patent and Trademark

Japan. See Request for Consultations from the European Communities, WTO Doc. *Japan—Measures Concerning Sound Recordings*, WT/DS42/1 (May 24, 1996).

7. Request for Consultations by the United States, *Denmark – Measures Affecting the Enforcement of Intellectual Property Rights*, WTO Doc. WT/DS83/1 (May 14, 1997).

8. Request for Consultations by the United States, *Ireland – Measures Affecting the Grant of Copyright and Neighbouring Rights*, WTO Doc. WT/DS82/1 (May 14, 1997); see also Request for Consultations by the United States, *European Communities – Measures Affecting the Grant of Copyright and Neighbouring Rights*, WT/DS115/1 (Jan. 6, 1998).

9. Request for Consultations by the United States, *Sweden – Measures Affecting the Enforcement of Intellectual Property Rights*, WTO Doc. WT/DS86/1 (May 28, 1997).

10. Request for Consultations by the United States, *European Communities – Enforcement of Intellectual Property Rights for Motion Pictures and Television Programs*, WTO Doc. WT/DS124/1 (Apr. 30, 1998); see also Request for Consultations by the United States, *Greece – Enforcement of Intellectual Property Rights for Motion Pictures and Television Programs*, WTO Doc. WT/DS125/1 (May 4, 1998).

11. See Panel Report, *China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, WTO Doc. WT/DS362/R (adopted Jan. 26, 2009). WTO’s one-page summary on this dispute is posted at <https://perma.cc/MF2V-UUFG>.

12. See Panel Report, *United States – Section 110(5) of US Copyright Act*, WTO Doc. WT/DS160/R (Jun. 15, 2000). WTO’s one-page summary of this dispute is posted at <https://perma.cc/MF2V-UUFG>.

13. Fairness in Musical Licensing Act of 1997, H.R. 789, 105th Cong. (1997).

14. The bill was supported by a coalition of commercial businesses (primarily the restaurant industry) that were generally opposed to paying public performance licenses, and they fought to exempt from licensing “small” businesses that provided radio music to their customers. During the FMLA’s congressional hearings, former Register of Copyrights Marybeth Peters articulated the Copyright Office’s concern that: “An exception this broad appears to be outside the scope of the permissible ‘small exceptions’ to the Berne rights of public performance and communication. Allowing virtually every business to play music to its customers through loudspeakers or audiovisual devices would invite a difficult case against the United States for violating our TRIPs obligations.” *Musical Licensing in Restaurants and Retail and Other Establishments: Hearing Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary*, 105th Cong. (1997) (statement of Marybeth Peters, Register of Copyrights, U.S. Copyright Office).

Office,¹⁵ USTR,¹⁶ and the Commerce Department¹⁷ all opposed this provision, expressing concern that enactment of this bill would cause the United States to fall out of compliance with its Berne and TRIPS obligation.

One day after the FMLA¹⁸ entered into force (January 26, 1999), the European Communities requested WTO consultations,¹⁹ having already examined this legislation at the request of an Irish collecting society.²⁰ The WTO panel was established, and it determined that the “homestyle” exemption in § 110(5)(A) satisfied all three prongs of the three-step test in TRIPS Article 13, and that that section was consistent with Berne Articles 11*bis*(1)(iii) and 11(1)(ii).²¹ The Panel did not, however, reach a similar conclusion with respect to the “business” exemption in § 110(5)(B). The Panel recommended that the Dispute Settlement Body (“DSB”) request the United States to bring this provision “into conformity with its obligations under the TRIPS Agreement,” and the DSB adopted that recommendation.²²

The United States elected not to appeal the Panel’s report, so the case proceeded to the compliance and implementation stages. Various provisions of the DSU, including binding arbitration, were used to evaluate both the “reasonable period of time” for implementation and the amount of damages due as remedies. The Arbitrator determined that financial remedies amounted to \$3.3 million for the three

15. Assistant Secretary of Commerce and Commissioner of Patents and Trademarks Bruce A. Lehman echoed others and noted that the Administration was “seriously concerned” that enactment of the FMLA would be challenged as a violation of the United States’ Berne and TRIPS obligations. 144 CONG. REC. H9953 (daily ed. Oct. 7, 1998) (letter from Bruce A. Lehman, Assistant Sec’y of Commerce and Comm’r of Patents and Trademarks, U.S. Patent and Trademark Office).

16. Acting Deputy U.S. Trade Representative, Richard W. Fisher, likewise conveyed his certainty that the reaction of the United States’ trading partners to the “passage of legislation resembling the Fairness in Musical Licensing Act . . . would be a strong negative one.” 144 CONG. REC. H9952 (daily ed. Oct. 7, 1998) (letter from Richard W. Fisher, Acting Deputy U.S. Trade Representative, Office of the U.S. Trade Representative).

17. Secretary of Commerce William M. Daley warned that passage of the FMLA may cause foreign trading partners to claim a Berne and TRIPS violation due to an “overly broad exception.” 144 CONG. REC. H9952 (daily ed. Oct. 7, 1998) (letter from William M. Daley, Sec’y of Commerce, Dep’t of Commerce). He was also concerned that the amendment could cause other countries to use it as “an excuse to adopt this or other exemptions in their copyright laws, thereby leading to economic losses to U.S. music copyright owners in hundreds of millions of dollars.” *Id.*

18. Fairness in Music Licensing Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified as amended in scattered sections of 17 U.S.C.).

19. Australia, Canada, and Switzerland joined the European Communities in seeking consultations with the United States, contending that their songwriters and music publishers, too, would “be denied foregone performance royalties.” Laurence R. Helfer, Article, *World Music on a U.S. Stage: A Berne/TRIPS and Economic Analysis of the Fairness in Music Licensing Act*, 80 B.U. L. Rev. 93, 99 (2000).

20. The collecting society Irish Music Rights Organisation (“IMRO”) lodged an EU Trade Barriers Regulation complaint, requesting an inquiry into the existing § 110(5) homestyle exemption and the proposed FMLA amendments. IMRO alleged that certain provisions of § 110(5) were inconsistent with the United States’ obligations under TRIPS and caused its members to lose approximately \$1.4 million annually in licensing royalties. *Commission Challenges US Exceptions to Authors Exclusive Rights*, EUROPEAN COMM’N (June 23, 1997), <https://perma.cc/RQM7-7ZTS>

21. Panel Report, *United States — Section 110(5) of US Copyright Act*, WTO Doc. WT/DS160/R, ¶ 7.1-7.2 (adopted Jan. 7, 2002).

22. *Id.*

years at issue.²³ In June 2003, the United States and EC notified the DSB that they had reached a mutually satisfactory temporary arrangement, which would cover the three-year period up to December 20, 2004.²⁴

To date, no legislation has been introduced in Congress to change the business exemption. For the past decade, the United States has provided regular status reports to the DSB which usually state that “[t]he US Administration will work closely with the U.S. Congress and will continue to confer with the European Union in order to reach a mutually satisfactory resolution of this matter.”²⁵ There continues to be some criticism of the lengthy time it has taken the United States to fully implement with the DSB’s 2000 decision. Even when tools in the toolbox are used, part of the solution may rest on domestic lawmakers to correct legislation or find solutions to adhere to international findings.

B. BEYOND TRIPS

I have mentioned other WTO disciplines that have been invoked in cases that involve issues somehow related to a content-based industry.

1. Goods

The United States brought a successful action against Canada using the goods discipline of the General Agreement on Tariffs and Trade (“GATT”).²⁶ In one of the early WTO cases, this dispute involved certain measures involving the importation of certain periodicals and discriminatory advertising practices.²⁷

2. Services

A second discipline involves services under the General Agreement on Trade in Services (“GATS”).²⁸ In 2007, the United States initiated a dispute against China

23. Arbitration Report, *United States—Section 110(5) of the US Copyright Act*, WTO Doc. WT/DS160/ARB25/1, ¶ 4.73 (adopted Nov. 9, 2001).

24. Notification of a Mutually Satisfactory Temporary Arrangement, *United States – Section 110(5) of the US Copyright Act*, WTO Doc. WT/DS160/23 (June 23, 2003). The U.S. Congress paid a lump-sum payment of \$3.3 million to cover the three years at issue. Since this 2003 notification, the Executive Branch has continued to provide regular updates to the DSB regarding the status of ongoing consultations.

25. Statements by the United States at the Meeting of the WTO Dispute Settlement Body at 2 (Dec. 16, 2016), <https://perma.cc/44T9-F57J>. USTR’s website on WTO disputes lists the Section 110(5) case as “pending.” *Dispute Settlement Proceedings, Section 110(5) of the US Copyright Act*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <https://perma.cc/7KFB-NJCX> (last visited Jan. 11, 2017).

26. General Agreement on Tariffs and Trade 1994, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, THE LEGAL TEXTS: THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS 17 (1999), 1867 U.N.T.S. 187, 33 I.L.M. 1153 (1994) [hereinafter “GATT 1994”].

27. Appellate Body Report, *United States—Canada: Certain Measures Concerning Periodicals*, WTO Doc. WT/DS31/AB/R (June 30, 1997). The WTO one page summary of this Canadian dispute can be found at <https://perma.cc/P6S9-GPNB>.

28. General Agreement on Trade in Services, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1B, THE LEGAL TEXTS: THE RESULTS OF THE URUGUAY

concerning several provisions affecting notable industries like publishing, filmed entertainment, and the sound recording industry.²⁹ This case also involved claims under GATS, claims under GATT, as well as claims based on commitments China made in its Accession Protocol. This dispute involved two groups of measures:

- (1) that restrict trading rights with respect to imported films for theatrical release, audiovisual home entertainment products (e.g. video cassettes and DVDs), sound recordings, and publications (e.g. books, magazines, newspapers, and electronic publications); and
- (2) that restrict market access for, or discriminate against, foreign suppliers of distribution services for publications and foreign suppliers of audiovisual services (including distribution services) for audiovisual home entertainment products.³⁰

My point here is that practitioners might want to examine disciplines including and beyond TRIPS as part of their IP strategies involving enforcement measures.

3. The remedy of cross-retaliation

Turning to the remedy side of WTO litigation, there have been some cases invoking cross-retaliation, where the remedy to the alleged claim (say, for non-compliant agriculture tariffs) is addressed in another trade area (for example, by suspending concessions in IP). The example here involves the WTO case on Internet gambling that Antigua and Barbuda won against the United States in 2004, which was upheld by the Appellate Body in 2005.³¹ In terms of damages, in 2007 the Arbitrator determined that Antigua and Barbuda could request authorization from the DSB to suspend obligations under the TRIPS Agreement at a level not exceeding US\$21 million annually.³² Both countries continue to engage in efforts to reach a settlement to resolve this matter.³³

ROUND OF MULTILATERAL TRADE NEGOTIATIONS 284 (1999), 1869 U.N.T.S. 183, 33 I.L.M. 1167 (1994) [hereinafter “GATS”].

29. The WTO one-page summary of this dispute with China, at both the panel and appellate level, can be found at <https://perma.cc/VK7J-G6Z3>. See also Panel Report, *China—Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products*, WTO Doc. WT/DS363/R (Aug. 12, 2009); Appellate Body Report, *China—Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products*, WTO Doc. WT/DS363/AB (Dec. 21, 2009).

30. USTR maintains a summary of this China market access dispute. See *Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <https://perma.cc/Y8XV-ZK4F>. The United States continues to monitor China’s implementation in this case.

31. See Appellate Body Report, *United States: Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, WTO Doc. WT/DS285/AB (Apr. 7, 2005). The WTO two-page summary of this dispute can be found at <https://perma.cc/U6XH-8TTH>.

32. Decision by the Arbitrator, *Recourse to Arbitration by the United States under Article 22.6, United States: Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, WTO Doc. WT/DS285/ARB (Dec. 21, 2007). See also *Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <https://perma.cc/W2VA-7VL7>.

33. See Adam Behsudi, *Antigua refuses to fold on gambling case*, POLITICO (Aug. 4, 2016), <https://perma.cc/U6HA-Z4L9>. Subsequent to this presentation, the government of Antigua and Barbuda

Content rights holders were, and still are, upset at this proposed remedy. However, it should have been no surprise that cross-sector retaliation in WTO litigation is permissible, and arguments saying it is not an available, or permissible, remedy are misplaced. I think it's just a fact of life that winners in any dispute will aim to target sensitive or valuable sectors in the losing country. Given that the U.S. IP-based industries are a major sector of the American economy, they are a prime target. Similar cross-retaliation damages against U.S. IP interests have been proposed and authorized, but not ultimately implemented, in at least two other non-IP WTO cases.³⁴ Leverage is what brings parties to try to find a compromise solution.

4. Non-violation cases

Also not to be overlooked is the TRIPS Article 64.2 remedy regarding non-violation complaints. Since the WTO entered into force in 1995, the trade ministers of WTO member states have agreed to a moratorium on the use of these kinds of complaints being brought under TRIPS. The most recent agreement extends the moratorium to the next ministerial conference to be held in late 2017 in Argentina.³⁵

The United States has long advocated for the lifting of this moratorium. We believe that non-violation disputes should be applicable to the TRIPS Agreement, that they are fully consistent with the TRIPS Agreement, and that the application of such disputes in this context was the intent of the drafters of the TRIPS Agreement. Over twenty years will have passed before this remedy might become available.

Maybe in a few years the Kernochan Center will sponsor a conference about this issue?

C. FREE TRADE AGREEMENTS

It is no secret that the politics of trade *writ large* at the multilateral level has presented challenges for the WTO, and one such challenge involves the rise of regional trade agreements. WTO has been following this development closely. A

the authorized retaliation (which involves the suspension of copyright by the sale of U.S. intellectual property) if the United States did not reach a settlement in this case by the end of 2016. The Antiguan government claimed that the loss of trade revenues over the twelve years of this dispute amounted to \$250 million. See *Second panel established in dispute over Chinese export restrictions on raw materials*, WTO NEWS (Nov. 23, 2016), <https://perma.cc/CFL3-A7FP>.

34. The first time cross-retaliation against IP was invoked by Ecuador in its dispute against the EU. See *Recourse to Article 22.6 Arbitration Report, EC-Regime for the Importation, Sale and Distribution of Bananas*, WTO Doc. WTO WT/DS27/AR (Apr. 9, 1999). WTO's summary of this Ecuador case can be found at <https://perma.cc/3V33-GN79>. This remedy was also invoked by Brazil against the United States. See *Recourse to Article 22.6 Arbitration Report, United States-Subsidies on Upland Cotton*, WTO WT/DS267/AR (Aug. 31, 2009). WTO's summary of this Brazil case can be found at <https://perma.cc/376R-YSQ5>.

35. See *'Non-violation' Complaints (Article 64.2)*, WTO, <https://perma.cc/99RH-CZ82> (last visited Jan. 11, 2017); *Draft Decision Agreed on "Non-violation" Cases in Intellectual Property*, WTO NEWS (Nov. 23, 2015), <https://perma.cc/UQS2-DZJT>; *WTO Members Secure "Historic" Nairobi Package for Africa and the World*, WTO NEWS (Dec. 19, 2015), <https://perma.cc/SDQ8-JS6X>.

book issued last month by the WTO indicates that 267 regional trade agreements have been notified to WTO and in force.³⁶

Let's talk about a second kind of trade tool of the U.S. government that involves copyright. The United States has bilateral and regional free trade agreements with twenty trading partners,³⁷ which you have already heard about earlier this morning and will hear more during this panel session.

As you know, the IP chapters in our FTAs contain enforcement sections in addition to substantive provisions on copyrights, patents and trademarks. With respect to copyright-related interests, a few of the key enforcement provisions include:

- mandatory pre-established damages for copyright infringement;
- criminal sanctions for piracy on a commercial scale that includes concepts like "commercial advantage" and "private financial gain;"
- remedies for the unauthorized interception and distribution of encrypted satellite programming and trafficking in devices;
- provisions requiring the legalization of computer software in government agencies; and
- anti-camcording provisions.

While our FTAs contain dispute settlement provisions, to date there has not been a copyright dispute brought under any of these agreements. My co-panelists will speak more about FTA dispute concerns.³⁸

D. OTHER U.S. TRADE PROGRAMS

Another point of trade engagement involves several U.S. preferential trade programs, which have criteria that the beneficiary countries must provide adequate and effective IPR protection. In fact, a decade before TRIPS, in 1983, the CBI

36. See Roberto Azevêdo, Director-General, *Opening Remarks at Book Launch: "Regional Trade Agreements and the Multilateral Trading System,"* WTO NEWS (Sept. 29, 2016), <https://perma.cc/85HY-8HLW>. In addition, the WTO also maintains a database on RTAs. See *Regional Trade Agreements Information System (RTA-IS)*, WTO, <https://perma.cc/5WXE-UEVA>. (last visited Jan. 11, 2017).

37. The following are the twenty countries that have FTAs in force with the United States: Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Korea, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, and Singapore. *Free Trade Agreements*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <https://perma.cc/BUN4-39SV>. The negotiations for the regional Trans-Pacific Partnership ("TPP") have concluded, but the agreement has not entered into force.

38. See Antony Taubman, *Session III: Issues Concerning Enforcement and Dispute Resolution*, 40 COLUM. J.L. & ARTS 371 (2017); Sean Flynn, *Session III: Issues Concerning Enforcement and Dispute Resolution*, 40 COLUM. J.L. & ARTS 353 (2017); Steven Tepp, *Session III: Issues Concerning Enforcement and Dispute Resolution*, 40 COLUM. J.L. & ARTS 379 (2017).

program was the first U.S. trade program that linked trade and intellectual property protection,³⁹ and Congress added a similar linkage to the GSP program in 1984.⁴⁰

Over the years, by my count, seventeen countries have been under GSP and/or CBI reviews for problems regarding copyright protection and enforcement deficiencies.⁴¹ Currently three countries—Indonesia, Ukraine and Uzbekistan—are under GSP country practice reviews for IP issues, specifically copyright-related matters as well as market access concerns.⁴²

E. SPECIAL 301

A fourth trade mechanism is Special 301, the annual review of the global state of IPR protection and enforcement and market access for persons relying on intellectual property protection. Congress requires that the Administration undertake this review, and issue a report by April 30th each year.⁴³ Special 301 has been an important tool to gather information about these practices. Since 1989, over 90

39. The Caribbean Basin Economic Recovery Act (“CBERA”) (also sometimes known by its informal title, the Caribbean Basin Initiative) has two mandatory eligibility criteria affecting IP interests (19 U.S.C. § 2702(b)(2)(A) and 19 U.S.C. § 2702(b)(5) as well as two discretionary IPR criteria (19 U.S.C. § 2702(c)(9), (10)). The U.S.-Caribbean Trade Partnership Act (“CBTPA”), which entered into force on October 1, 2000, expands the list of duty-free products and offers more market access opportunities to CBTPA-eligible countries. The CBTPA requires that each participating country must meet all the CBERA IPR criteria as well as satisfying the CBTPA’s criteria that the country is meeting or exceeding its WTO TRIPS obligations and is taking steps to provide protection equivalent to standards found in bilateral IPR agreements. For more information on the CBI, see *Eleventh Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, (Dec. 30, 2015), <https://perma.cc/5Z4X-VT5F>.

40. Generalized System of Preferences, 19 U.S.C. § 2461 *et seq.* (2016). The IPR criteria in the GSP statute first appeared in Title V of the Trade and Tariff Act of 1984, known as the GSP Renewal Act of 1984. According to USTR’s handbook on GSP, “GSP is the largest and oldest U.S. trade preference program. Established by the Trade Act of 1974, GSP promotes economic development by eliminating duties on up to 5,000 types of products when imported from one of 122 designated beneficiary countries and territories.” *Generalized System of Preferences (GSP)*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <https://perma.cc/3YS9-BRSV>.

41. Prior GSP IPR-copyright (and some, market access-related) investigations included the following countries: Armenia, Brazil, Cyprus, Egypt, Dominican Republic, Honduras, Kazakhstan, Lebanon, Moldova, Pakistan, Panama, Paraguay, Poland, Russia, Turkey, and Thailand. Ukraine has undergone two GSP IPR investigations (the first was in 1999 and the second is still open as of the end of 2016). Not counted in the seventeen are reviews involving Malta, Guatemala, and Argentina, which were initiated not for strictly copyright reasons, but copyright concerns were raised during the course of those reviews.

42. *Active and Recently Completely GSP Country Practices Reviews*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <https://perma.cc/XB5B-SNPQ>.

43. The annual Special 301 review is conducted pursuant to Section 182 of the Trade Act of 1974, as amended by the Omnibus Trade and Competitiveness Act of 1988, the Uruguay Round Agreements Act of 1994, and the Trade Facilitation and Trade Enforcement Act of 2015. See 19 U.S.C. § 2242. USTR is required to identify “those foreign countries that deny adequate and effective protection of intellectual property rights (IPR), or deny fair and equitable market access to United States persons that rely upon intellectual property protection.” OFFICE OF THE U.S. TRADE REPRESENTATIVE, 2016 SPECIAL 301 REPORT 65 (2016), <https://perma.cc/V4SE-ASLD> [hereinafter 2016 SPECIAL 301 REPORT].

countries/territories⁴⁴ have been on one of the three lists, with 34 currently listed.⁴⁵ At least eight countries—Brazil, China, Honduras, India, Paraguay, Taiwan, Thailand, and Ukraine—have undergone trade investigations on IPR-related matters under the Section 301 trade provisions for deficiencies in intellectual property protection and/or fair and equitable market access being provided to U.S. rights holders.⁴⁶

In accordance with the trade legislation adopted by Congress in early 2016,⁴⁷ USTR will be preparing special reports on the current eleven countries on the Priority Watch List.⁴⁸

There is another aspect of 301. Six years ago, USTR devised a complementary review under the rubric of the Special 301 out-of-cycle review process to identify Internet and physical markets based outside the United States that reportedly engage in and facilitate substantial copyright piracy and trademark counterfeiting. These markets are included in what is called the “Notorious Markets Report.” This year’s

44. See *Chart of Countries’ Special 301 Placement and IIPA 2016 Special 301 Recommendations*, INT’L INTELLECTUAL PROP. ALL. (Feb. 5, 2016), <https://perma.cc/C926-8YQR>. Not included in this 98, are the countries that were listed only for an out-of-cycle review or were designed as “other observations” during the mid-1990s.

45. In the 2016 Special 301 cycle, USTR reviewed 73 trading partners and placed 34 of them on the Priority Watch List or the Watch List. *USTR Releases Special 301 Report on Protection of American Intellectual Property Rights Across the World*, OFFICE OF THE U.S. TRADE REPRESENTATIVE (Apr. 27, 2016), <https://perma.cc/C7H3-XYEE>.

46. See *Untitled Document on Section 301*, OFFICE OF THE U.S. TRADE REPRESENTATIVE, <https://perma.cc/LU4N-R84Q>. This document on Section 301 summarizes the following investigations (and the year in which the investigation was initiated): Brazil (informatics policies, 1985); South Korea (intellectual property, 1985); Thailand (copyright enforcement, 1990); India (patents, 1991); China (intellectual property, 1991); Taiwan (intellectual property, 1992); Brazil (intellectual property, 1993); China (intellectual property, 1994); Honduras (intellectual property, 1997). Special 301 cases referred for Section 301 investigation began after 1988. In addition, USTR also identified Paraguay in 1998 and Ukraine in 2013 as Priority Foreign Countries. See Request for Public Comments on Section 302 Monitoring of Paraguay, 76 Fed. Reg. 60,114 (Sept. 28, 2011); Notice of Determination in Section Investigation of Ukraine, 79 Fed. Reg. 14,326 (Mar. 13, 2014).

47. Trade Facilitation and Trade Enforcement Act of 2015, Pub. L. No. 114-125, 130 Stat. 122 (2016). USTR summarized this law and how it will affect the Special 301 process in the following manner:

On February 24, 2016, the Trade Facilitation and Trade Enforcement Act of 2015 became law, creating four requirements with respect to the Special 301 process. First, USTR must assess a country’s protection and enforcement of trade secrets when considering the country’s listing in the Special 301 report. Second, “action plans” are required for each foreign country that USTR has identified for placement on the Priority Watch List and that has remained on that list for at least one year. Third, USTR must provide to the Senate Finance Committee and to the House Ways and Means Committee a description of the action plans developed for Priority Watch List Countries and any actions taken by foreign countries under such plans. Lastly, for those Priority Watch List countries for which an action plan has been developed, the President may take appropriate action if the country has not substantially complied with the benchmarks set forth in the action plan.

2016 SPECIAL 301 REPORT, *supra* note 43, at 65.

48. The eleven countries placed on the Special 301 Priority Watch List in April 2016 were Algeria, Argentina, Chile, China, India, Indonesia, Kuwait, Russia, Thailand, Ukraine, and Venezuela. *Id.* at 29-50.

notorious market review is underway, with seventeen public comments filed by last week’s deadline.⁴⁹

II. STRATEGY 102: READYING YOUR ENGAGEMENT WITH THE USG

The event organizers also asked me to speak on another matter—ways to engage government officials in trade and copyright matters. In addition to knowing what trade measures are possible to address a copyright/trade dispute, it’s also important to strategize *how* you want to engage with government agencies, multilateral institutions, foreign governments and the like. To this point I’d like to share some informal advice based on what I have seen as a practitioner in the copyright-trade arena.

A. DECISION-MAKING BY GOVERNMENT OFFICIALS

We in the government are often asked, “How do you decide what actions to take with other countries in the copyright/IPR space?” There isn’t a single answer, and the one I will offer is not mysterious.

Simply said, decision-making does not happen in a vacuum; it happens in a cloud of possible factors. You—meaning a practitioner representing a client, an NGO with a mission, a government official with a plan—may have the all-time strongest, airtight legal argument, with the best facts around, and still your advocacy may not result in your getting what you want—not from the USG and not from the target country.

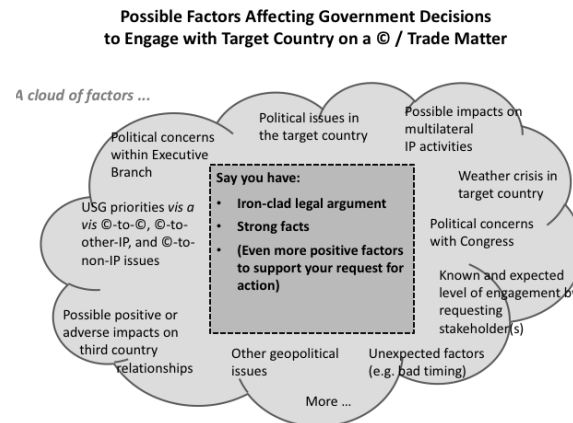


Figure 1.

49. 2016 Special 301 Out-of-Cycle Review of Notorious Markets: Request for Comments, 81 FED. REG. 58,545 (Aug. 29, 2016), <https://perma.cc/U3CX-2K7P>. Subsequent to this Kernochan presentation, USTR issued its Notorious Markets Report on December 21, 2016. See OFFICE OF THE U.S. TRADE REPRESENTATIVE, 2016 OUT-OF-CYCLE REVIEW OF NOTORIOUS MARKETS (2016), <https://perma.cc/ZQ6R-X5MR>.

For example, you may be on the verge of getting your desired amendment in a copyright bill in Country X, but then something happens and the momentum behind your bill is lost. Things go awry and you have to regroup. This happens to all of us, more often than not. And other times, things move more smoothly and success is around the corner. In sum, there may be cases where there is a singular explanation for a decision, but I think most decisions involve several factors.

B. BASIC, BASIC ADVOCACY

What might you do to improve your chances of effectively advocating before the IP interagency? Let's say you are trying to change something copyright-related in Country X and you want to engage the USG on this issue. What actions can you take to help get your message through to us in the government?

I will offer up five simple suggestions. These should be very familiar to all advocates, but I have to say that these suggestions don't always seem to show up in practice in the copyright/trade sphere in Washington.

First, copyright issues in the international realm involve interagency considerations and equities. It's completely understandable if you engage with one or two agencies to introduce your copyright/trade problem(s). However, do not be surprised if additional meetings are needed and you are asked to provide more information. I do suggest that you be consistent in your advocacy across agencies; we actually do talk to each other and often compare notes, so consistencies and inconsistencies are easily identified.

Second, advocate your legal points clearly. Where appropriate, offer solutions. Be wary of making Christmas-tree requests. Especially when you are asking the USG to engage in a country, having unclear assertions and not offering paths forward are not helpful. This arena is not a process where you throw spaghetti of issues at the wall to see if it sticks—that's not a good way to treat the spaghetti and your ultimate meal may be less than satisfying.

Third, be accurate. Especially with factual information. Please. We have expertise in these IP matters and we do fact-check. Hyperbole in your advocacy may work in your press releases but it may not be the most effective rhetorical device when you are trying to persuade us—meaning the USG IP/trade interagency—to take action with another country. Other countries don't appreciate inaccuracies, either.

Fourth, be prepared to prioritize your issues. If you aren't prepared to prioritize when asked, then do your due diligence and get back to us. Non-answers can be non-starters.

Finally, if your concerns or priorities in a country change from what you have shared with the agencies, then do provide timely updates.

III. FINAL WORDS

I hope this overview has provided some insight on available enforcement remedies involving the intersection of copyright and trade, as well as possible ways to engage with government officials when advocating for their involvement. I look forward to the discussion. Thank you.